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ABSTRACT

One of 17 field hearings on the reauthorization of the Higher Education Act of 1965 occurred in Vancouver, Washington, with testimony provided by students, a parent, and educational administrators from the northwest region. The topic for the hearing was particular to the Act's Title IV which provides loans to students to enable them to attend the college, university, private career school, or job training program of their choice. Accordingly the following witnesses submitted testimony: Judith Billings, Superintendent of Public Instruction, Olympia, Washington; Ann Daley of Washington's Higher Education Coordinating Board; Marianna Deeken of Saint Martin's College; Harold Dengerink of Washington State University; Thomas William Genne, parent of a high school senior; Ken Jacobsen, Washington State House of Representatives; Larry Lynch and Renee Lynch, students in Hoquiam, Washington; Jewell Manspeaker, President, Grays Harbor College; Michael Moises, President, Trend Colleges; Adele Olson, Guidance Counselor; Judith Ramaley, President, Portland State University; Angela Slaughter, student; and Richard Snyder of Hewlett-Packard Company. The document also includes the letters and prepared statements of Senator Brock Adams, and representatives of the Art Institute of Seattle; Evergreen State College; Heritage College, Northwest Indian College, Portland Community College and Seattle Central Community College. (JB)

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HE
OVERSIGHT HEARING ON THE REAUTHORIZATION
OF THE HIGHER EDUCATION ACT OF 1965:
VANCOUVER, WASHINGTON

ED337102
HEARING

BEFORE THE
SUBCOMMITTEE ON POSTSECONDARY EDUCATION
OF THE
COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

HEARING HELD IN VANCOUVER, WA, MAY 13, 1991

Serial No. 102-25

Printed for the use of the Committee on Education and Labor



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OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

MONDAY, MAY 13, 1991

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Vancouver, WA.

The subcommittee met, pursuant to notice, at 8:04 a.m., Council Chambers, 210 E. 13th Street, Vancouver, Washington, Hon. Jolene Unsoeld presiding.

Members present. Representatives Unsoeld and Reed.

Staff present: Maureen Long, legislative associate/clerk and Diane Stark, legislative associate.

Minority staff present: Jo-Marie St. Martin, education counsel.

Mrs. UNSOELD. Good morning.

I hereby call to order an official hearing of the Postsecondary Education Subcommittee of the Education and Labor Committee on the reauthorization of the Higher Education Act and am particularly pleased to have the cross-section of the Northwest that is going to testify this morning.

I want to welcome everyone and introduce my colleague from the Education and Labor Committee, Jack Reed of Rhode Island.

I want to say a bit about the new class in Congress, because for some years education has not been considered a high priority on the list for Members of Congress.

What is so gratifying about those—there were several of us that came in my class, and in this new class and those elected in the odd elections that occurred between 1988 and 1990, there are a total of eight new Members, all of whom consider education a vital part of this country's future, and I am particularly pleased to have a Member of the new class and one as much of a role model for us as he is.

Jack is an ideal example for working America's kids. He is the son of working-class parents who never went to college. Jack graduated from West Point and went on to earn a master's degree in public policy from Harvard's Kennedy School of Government.

After serving in the Army for 5 years and teaching at West Point for 2 more years, he returned to Harvard to study law. I am looking forward to working with him on the Higher Education Act, and I am sure that he will continue to help us provide access for working America's kids who are the leaders of tomorrow.

(1)

I would also like to welcome the witnesses who took time out of their busy schedules to come here this morning and share their experiences with us. Jack and I are here to learn what you think is important so we can make the Federal programs more responsive to your needs, and I wanted to read to you one quotation from our Chairman of the Education and Labor Committee, William D. Ford, from Michigan, who said that "the purpose of our coming together and to reauthorize the Higher Education Act will be enhancing postsecondary educational opportunities for Americans."

The purpose of Title IV is not to support institutions, administrators, lenders, student loan agencies, secondary markets or services. The purpose of Title IV is to expand educational opportunities. I think that is very, very important for us to keep in mind as we begin today.

The Higher Education Act is a complex piece of legislation that has been amended considerably over the last 26 years, and we want to make sure it still serves the needs of the people we were elected to represent.

I personally find myself full of both hope and despair as I confront the issues we face in education today. Full of hope because I listen to one person after another describe innovative ways that they have found to overcome successfully the problems we have educating American's kids. But full of despair because while we have found solutions, we have not made a commitment to implementing them.

This Nation provided that it could pull together to confront a tyrant in the Middle East, and it found the money to bail out savings and loans from Texas and who knows where, yet we have not made that same commitment to investing in our Nation's children. It is time to shift our priorities.

The President has just announced his education initiative, but he has not yet—I am hopeful—initiated any funding for real improvements. He has not advocated full funding for Head Start and other early childhood education programs, even though we know that investing in kids early makes all the difference in the world when they get to school at age five.

He has short-changed Chapter I programs that provide financial assistance to local school districts to educate disadvantaged students, even though we know we will have to pay for these kids later if we skimp on them now.

He has failed to make a commitment to hard-working Americans to help send their kids to college. I would like to see this Nation brought together with a unified commitment to invest in this Nation's future. Could not the President use his enormous popularity to declare that the education of our young people is of paramount importance and that the wealthiest people in this Nation increase their tax bracket to invest in tomorrow's working Americans?

Secretary of Education Lamar Alexander, whom I have great hope for, but he told me that even if taxes were increased on the wealthy, he thought all of the extra resources should go to reduce our deficit. Until we have an administration that is ready to reduce our other deficit, our education deficit, we will not be able to meet the needs of the students or the employers of the 21st Century.

We have to make it a priority to invest in our most valuable resources, today's students, tomorrow's employees and employers. In the years since the middle 1970s to the late 1970s, this country went from producing 70 percent of the world's consumer technology down to 5 percent. We cannot make it as a Nation if we do not start turning that kind of a trend around. We must act now.

[The prepared statement of Hon. Jolene Unsoeld follows:]

JOLENE UNSOELD

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Statement of the Honorable Jolene Unsoeld
 Education and Labor Hearing
 Higher Education Act
 May 13, 1991

Good morning. I hereby call to order an official hearing of the Postsecondary Subcommittee of the Education and Labor Committee on the reauthorization of the Higher Education Act.

I would like to welcome everyone and introduce my colleague from the Education and Labor Committee -- Jack Reed of Rhode Island. Jack is a role model for working America's kids. The son of working-class parents who never went to college, Jack graduated from West Point and went on to earn a Masters degree in Public Policy from Harvard's Kennedy School of government. After serving in the Army for 12 years, including 2 years teaching at West Point, he returned to Harvard to study law. I look forward to working with him to make sure the Higher Education Act continues to provide access for working America's kids -- the leaders of tomorrow.

I might add that Jack is so committed to this issue that he has established a personal fund to give grants to kids in his district who continue their education.

I would also like to welcome the witnesses who took time out of their busy schedules to come here this morning and share their experiences with us. Jack and I are here to learn what you think is important so that we can make the federal programs more responsible to your needs. The Higher Education Act is a complex piece of legislation that has been amended considerably over the last 26 years, and we want to make sure that it still serves the needs of the people we were elected to represent.

I find myself full of hope and despair as I confront the issues we face in education today. Full of hope because I listen to one person after another describe innovative programs to overcome successfully the problems we have educating America's kids. But full of despair because while we have found solutions, we haven't made a commitment to implementing them.

This nation proved it could pull together to confront a tyrant in the Middle East, and it found the money to bail out failed savings and loans from Texas and who knows where. Yet we have not made the same commitment to investing in our nation's children. It is time to shift our priorities.

The President has just announced his "education initiative," but he hasn't initiated any funding for real improvements. He hasn't advocated full funding for Head Start and other early childhood education programs, even though we know that investing in kids early makes all the difference in the world when they get to school at age 5.

He has shortchanged Chapter I programs that provide financial assistance to local school districts to educate disadvantaged students, even though we know we'll have to pay

for these kids later if we skimp on them now. And he has failed to make a commitment to hard-working Americans to help send their kids to college.

I'd like to see a unified commitment to invest in this nation's future. Couldn't the President use his enormous popularity to declare that education of our young people is of paramount importance and that the wealthiest people in this nation increase their tax bracket to invest in tomorrow's working Americans?

Secretary of Education Lamar Alexander told me that even if taxes were increased on the wealthy, he thought all of the extra resources should go to reduce our deficit. Until we have an administration that is ready to reduce our other deficit -- our education deficit -- we will not be able to meet the needs of the students or the employers of the 21st century.

We have to make it a priority to invest in our most valuable resource -- today's students, tomorrow's employees and America's employers. In the 10 years since the Patriot missile was being developed and used in the Persian Gulf, this country went from producing 70 percent of the world's consumer products down to providing just 5 percent. We must act now to turn this appalling statistic around.

We have a group of people testifying today who will help us learn how to best meet the needs of Washington's students of all ages. But before we hear from them, I have asked Dick Snyder from Hewlett-Packard to set the tone by letting us know how important a successful education system is to our business community.

Mrs. UNSOELD. I would like to turn this over now to Congressman Jack Reed for your opening remarks.

Mr. REED. Thank you, Jolene.

I am delighted to be here and to experience this great hospitality of Washington State. Jolene is an extraordinary Member of the United States Congress.

I have the pleasure of serving with her on not only the Education and Labor Committee but also the Merchant Marine and Fisheries Committee, so I see a lot of her and see the good work she is doing for the people of Washington State and the people of the United States.

She was very active early on in her career in developing a very innovative data program of Federal connection funding. It is a testament and a tribute to her efforts, and believe me, for someone who is just beginning his congressional career, to see someone who has done so much in so short a time. It is both awe inspiring, inspirational, and a bit frightening in some respects.

She is doing a remarkably good job for this State, and I am very proud to be with her in the Congress, and you should be very proud to have her there.

We are here today to continue a long process of hearings to reauthorize our Education Act. It is an extraordinarily important piece of legislation. The competition in the world over the next several decades and into the next century will be, I hope, primarily economic competition. We have to provide the kind of skilled work force, and the skilled citizenry that will sustain our efforts in the world, and this bill is very, very important.

We in our hearings have already focused in on discrepancies between the number of sizes in engineers we will never over the next several decades and the number that looks like is coming down the pipeline.

We have looked at some of the issues in terms of access for minorities and women to higher education, and we are finding more and more that this is a very, very significant problem that we have to focus on with more intensity and more effort.

Underscoring a lot of our examination is the effort of financing higher education. Back East, I am the only member of the House Education and Labor Committee from New England, we are proud of all the prestigious institutions we have back there, just like you have here in Washington State.

One thing I think they have in common more and more often is that they are very expensive. In fact, as I was waiting to come over here this morning at the hotel, a commercial caught my eye. A middle-aged gentleman, was reciting College Board instructions. I just looked at the screen, and there was this fellow saying "please clearly mark all your answers," and then it cut away at a screen with the words, "Yale, \$90,000." Then he would give a few more instructions and then it would say something else, \$75,000, which was the price of 4 years of education. This commercial was not brought to us by the goodness of anyone's heart; it was a bank telling people how you had better come in and see us for the money.

Well, we in the Federal Government have an important role to play in making sure that there is access to higher education, and as Jolene suggested, I hope in some respects, I am proof positive.

With help from the Federal Government, with help from good parents and community, we can improve ourselves and contribute to our country.

So I am delighted to be here and looking forward very much to the testimony that is going to be presented today.

Thank you. Thank you, Jolene.

Mrs. UNSOELD. Thank you, Jack.

I will make a couple of announcements: that all of the testimony that witnesses bring to us will be put into the record in total, so that you do not have to feel constrained to merely comment or read what you have prepared. You can use the time additionally.

We will hold the record open also for anyone else who would like to submit written testimony. It can be sent to my congressional office here in Vancouver, Washington, 601 Main Street, suite 505, Vancouver, Washington 98660, and they will give you that address after this hearing if you are interested.

I would also like to submit into the record a letter from Senator Brock Adams, who was not able to be here today, who is on a very important comparable committee dealing with issues, but even more important, on the Appropriations Committee on the Senate side. So having his interest identified is important to us.

[The letter of Senator Adams follows:]

BROCK ADAMS
WASHINGTON

United States Senate

WASHINGTON, DC 20510

May 13, 1991

The Honorable Jolene Unsoeld
United States House of Representatives
1508 Longworth House Office Building
Washington, D.C. 20005

Dear Jolene:

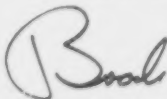
I am very sorry that I cannot be with you today as you chair this important hearing on education. As you know, the Senate is in session and it is impossible for me to be with you in Vancouver.

Thank you for your leadership and dedication in examining the American education system. I appreciate your holding this hearing in Vancouver to allow our southwestern constituents a voice and role in this important legislative procedure.

Education is a critical issue for the United States and in desperate need of our attention. As we consider the education proposal, education reform is on the top of my agenda and a top priority for the United States.

I know that your hearing will review enlightening testimony from your witnesses. The witness list is indeed impressive. I am truly sorry to miss the opportunity to hear their thoughts in person. I will however, have a representative of my office, Annette Cleveland, attend this important hearing and have her update me on the findings of your hearing.

With warm regards,



BROCK ADAMS
United States Senator

BA/ea

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Mrs. UNSOELD. We have quite a group of people who will be testifying today, who are going to help us learn how to best meet the needs of Washington students, Northwest students I am going to say, of all ages, but before we hear from them, I have asked Dick Snyder, from Hewlett-Packard, to set the tone for us, by letting us know how important a successful education system is to our business community.

Some of the best research on education in the last few years, particularly on early childhood education, has been done by a business group, the Committee for Economic Development. They have thoroughly immersed themselves in the problems of education in this country today.

I believe that Hewlett-Packard is an ideal example of several in our community, members of the business community, who have put their efforts behind education for a long time.

So Dick, I welcome you here today.

**STATEMENT OF RICHARD SNYDER, GENERAL MANAGER,
VANCOUVER DIVISION, HEWLETT-PACKARD COMPANY**

Mr. SNYDER. Mr. Chairman and members of the subcommittee, welcome to Vancouver. I very much appreciate the opportunity to speak to you today.

As general manager of a dynamic, high-technology company, a day does not go by that postsecondary education does not have a direct impact on my workforce.

Last year, we hired 170 people at Hewlett-Packard's Vancouver plant. Of those, 75 percent needed education beyond high school to qualify for the job. While about a third of these were new hire engineers, others were first-line supervisors who manage technical areas, accounting professionals or technicians. Some needed Bachelor's degrees, others community college associate degrees. All needed a commitment to life-long learning and continuing their training and education after joining Hewlett-Packard.

Hewlett-Packard has seen some major shifts in its workforce over the last 10 years. As we ended the 1970s, the majority of our employees worked on the shop floor assembling products. For the most part, they needed little education past high school.

Today, the picture is a lot different. The majority of our people perform much higher-level skills that require high-level training and education. Why?

First, because of technology. Today's technology plays a pivotal role in just about anybody's workplace. At my own division, we produce printers with the aid of lasers, bar codes, robots, computers and other high-technology gear.

The second reason is competition, especially in the high-tech fields. We must compete differently and smarter in order to stay ahead of those nations with an abundance of cheap labor. This translates into smarter organizations with first-line workers making more of the decisions.

At Hewlett-Packard Vancouver, teams of factory workers meet weekly to review statistical data that charts of the quality of their work. Together, they identify problems and workable solutions. Each team member must understand at least basic statistics as

well as have well-developed problem-solving and inter-personal skills. It makes the work fun and challenging, but it does require ongoing education.

During the past year, more than 200 of HP Vancouver's employees have pursued some type of additional education. I would like to give you some typical examples. Peggy Madson attended a community college in basic mathematics which we sponsored at our site. Peggy has worked for HP in production since 1980. The math class gave her the knowledge she uses every day on her job.

Dave Pinkernell is another typical HP person. He joined Hewlett-Packard 10 years ago with a bachelor's degree in mechanical engineering. Since that time, he has completed two master's degrees, one in advanced engineering at Stanford University, the other an MBA from Washington State.

Hewlett-Packard encourages life-long learning, provides training and pays for continued education, but this is only a partial response to the growing challenge for matching skills with workplace demands.

We are deeply concerned about the worker pipeline. When we look out to year 2000, we, like others, see a shifting trend. We are told by the monitors that net growth in the labor force will come from minorities and women. Well, what kind of jobs will they hold? Entry-level, low-paying, unskilled or posts that call for higher-level thinking and substantial skills?

Hewlett-Packard and other high-tech companies rely heavily on graduate engineers to fill their standing research and development activities, but the number of new engineers in the U.S. continues to decline. The share of bachelor's degrees to women and minorities has remained flat, but the absolute number has actually declined.

We are running hard but we are standing still. I believe two major factors directly affect the number of women and minorities who pursue engineering and other science and technology careers.

One is the early grade school experience with math and science, the other is access to the support.

What I mean by access to the support is the entire infrastructure that helps people to get in to a State college, especially those who are first generation college-bound, early and sustained assistance is vital.

It includes but certainly is not limited to high school guidance counselors that encourage the students and help with identifying financial aid, for many it may mean coping with family commitments while pursuing education, and also includes academic entry and other off-campus programs.

As you review the Higher Education Act, you might think of yourselves as investment counselors. Your actions and recommendations today will determine the standard of living for our Nation for years to come. Low skills mean low wages. High schools through excellent and postsecondary education means high wages, and a growing pride in keeping our country competitive.

Thank you.

[The prepared statement of Richard Snyder follows:]

Hearing on the Higher Education Act
before the
Subcommittee on Postsecondary Education
of the
U.S. House of Representatives Committee
on
Education and Labor

by
Dick Snyder
General Manager, Vancouver Division
Hewlett-Packard Company

Vancouver, Washington

May 13, 1991

Mr. Chairman and Members of the Subcommittee:

Welcome to Vancouver. I very much appreciate the opportunity to speak to you today.

As general manager of a growing, dynamic, high-technology business, a day doesn't pass that I don't see the direct impact of post-secondary education on my workforce.

Last year, we hired 170 people at HP's Vancouver plant. Of those, 75 percent needed education beyond high school to qualify for the job. And while about a third of these new hires were engineers, others were first-line supervisors who manage technical areas, accounting professionals or technicians. Some needed bachelor's degrees, others a community college associate degree. All needed a commitment to life-long learning and to continuing their training and education after joining Hewlett-Packard.

National statistics support HP's experience. According to the Departments of Labor, Commerce and Education, more than half of the new jobs created between now and 2000 will require some post-secondary training. About a third will demand a college degree. In contrast, less than six percent of the projected job growth will be on the assembly lines like those that once gave high school graduates a good income.

HP has seen major shifts in its workforce in the last 10 years. As we ended the 70s, the majority of our employees worked on the shop floor assembling products. For the most part, they needed little education past high school.

Today, the picture is very different. The majority of our people perform higher-level tasks that require higher skill levels. Why?

First, because of technology. Today, technology plays a pivotal role in just about any workplace. At HP's plant north of Seattle, assembly workers scan computer screens that show diagrams of the part they're building. At my own division, we produce printers with the aid of lasers, bar codes and robots.

The second reason for the move toward higher-level skills is competition. Especially in high-tech fields, we must work differently -- smarter -- in order to stay ahead of those nations that have an abundance of cheaper labor. This translates into flatter organizations with first-line workers making more of the decisions. At HP Vancouver, teams of factory workers meet daily to review statistical data that charts the quality of their work. Together they identify problem areas and workable solutions. Each team member must understand at least basic statistics as well as have well-developed problem-solving and interpersonal skills. It makes the work fun and challenging, but it requires ongoing education.

During the past year, more than 200 of HP Vancouver's employees pursued some type of additional education. Here are some typical cases.

Peggy Madson attended a community college class in Basic Mathematics that we sponsored at our manufacturing site.

Peggy has worked for HP in production since 1980. The math class gave her knowledge she uses every day on the job.

Janine Gibson will complete her BS degree in Communication from Portland State University this spring. Janine joined HP in 1988. She has been attending school while working since that time. Last November, she was upgraded to an administrative support position in the Purchasing Department.

Dave Pinkernell is another typical HP person. He joined HP 10 years ago, with a Bachelor's degree in Mechanical Engineering. Since that time, he has completed two Master's degrees. One is an advanced engineering degree from Stanford University, via participation in HP's cooperative program with Stanford for ongoing engineering education. The other is an MBA from Washington State University.

In addition to regular community college courses offered at our site, we also work with local schools on specially designed programs. For example, at our request, our local community college designed a curriculum to teach communication, writing, presentation and other skills to supervisors. The program was taught by community college faculty at HP's expense.

Hewlett-Packard is typical of the high-technology industry in its post-secondary education needs. And, lest you think high-tech is only a niche player, let me remind you that electronics is America's largest manufacturing industry. U.S. electronics employment is three times that of automotive

manufacturing and nine times that of the basic steel industry. Also, one out of every 25 jobs in the U.S. is in electronics or in an industry that wouldn't exist without electronics.

HP encourages life-long learning, provides training and pays for continuing education. But this is only a partial response to the growing challenge of matching skills with workplace demands.

We are deeply concerned about the worker pipeline.

When we look out to the year 2000, we, like others, see the shifting trends. We're told by the demographers that net growth in the labor force will come from minorities and women.

But what kinds of jobs will they hold? Entry-level, low-paying, unskilled? Or posts that call for higher-level thinking and substantial skills?

We already can identify the trend. Over the past decade, earnings of college-educated males age 24-34 increased by 10 percent. Earnings of those with only high-school diplomas declined by nine percent.

HP and other high-tech companies rely heavily on graduate engineers to fuel our state-of-the-art research and development activity. But the number of engineers in the U.S. continues to decline.

In 1986, the production of undergraduate degrees in engineering peaked at 78,178. In 1990, the number of new bachelor's awarded was 65,967, down 4.2 percent. This trend is expected to persist at least into the mid-1990s.

The share of bachelor degrees to women has remained flat at about 15 percent (of total baccalaureate engineering degrees) since 1987. For under-represented minorities, the share of the total number of degrees has increased only slightly to 6.6 percent in 1990.

While it's good news that the percentages have held for women and minorities, the bad news is that the absolute number has declined. We're running hard, but yet standing still.

At the graduate-degree level it's a similar story. Women and under-represented minorities account for only about 16 percent of degree recipients.

I believe two major factors directly affect the number of women and minorities who pursue engineering and other science and technology careers.

One is their early grade-school experience with math and science. The other is access and support.

Since this committee is concerned with post-secondary education, I'll leave the K-12 math-science issue for another time.

What I mean by access and support is the entire infrastructure that helps people get into and stay in college. Especially for those who are first-generation college-bound, early and sustained assistance is vital. It includes, but certainly is not limited to, high-school guidance counselors that encourage the student and especially help with identifying financial aid. For many it also may mean coping

with family commitments while pursuing an education. It also includes academic mentoring and other on-campus programs.

There is another critical link between U.S. competitiveness and higher education that I'll close with.

In 1990, the U.S. invested \$150 billion in research and development. This R&D is critical to not only industrial growth, but also national security, health care and the application of new knowledge in virtually all facets of our society.

And as we in the high-tech industry well know, this nation's R&D effort could not be mounted without highly trained scientists and their graduate students.

Though demand for graduate and doctoral scientists and engineers has increased, financial support for science, math and engineering students has decreased. The number of federally funded fellowships and traineeships fell 78 percent between 1970 and 1986.

The Federal government must make higher education, equipment and facilities a priority investment. Congress can help by initiating faculty-development programs and creating incentives for attracting talented students into critical fields such as science and engineering.

As you review the Higher Education Act, you might think of yourselves as investment counselors. Your action and recommendations today will determine the standard of living for our nation in years to come. Low skills means low wages. High skills - through excellent and extensive post-secondary education -- means high wages.

Mrs. UNSOELD. Thank you very, very much, Dick.

The importance of helping this administration decide to take the very strong lead and initiative on education will largely come from the people of this country and from spokesmen such as yourself, and I am very, very grateful for your coming today.

In addition to you witnesses and you who are here participating, I would like to comment on the resolve by our Chairman of the committee. There will be approximately 30 hearings held on the reauthorization of the Higher Education Act, about a dozen regional hearings such as this.

So you are forming part of a very important record that will help determine the shape of that piece of legislation as it moves through the process.

I would also like to point out some of the other people who make it possible for us to accumulate this record and have your participation. I would like to introduce Maureen Long from the committee, who is with us today and will be attending a number of the hearings around the country, and Diane Stark, also from the committee, who will also be attending a number of the regional hearings.

I would also like to introduce my own staff person, Mimi Castaldi, who deals with Education and Labor in our DC office.

I am going to do one other little unusual thing. We have the benefit of hearing from a parent this morning, but this particular parent has to catch an early plane and go back to DC to participate in some other business.

So we have asked and very kindly the first panel has consented to let Tom Genne come first, and if you would please sit at the table, yes, okay.

As I understand it, you have a son who will be a freshman at Lewis and Clark College next year, and you will tell us about some of the problems that you as a parent face.

Mr. GENNE. That is correct.

Mrs. UNSOELD. Pleased as you are to have your son going to college, there are a few headaches that go with it.

Mr. GENNE. It is a mixed blessing. You bet.

STATEMENT OF WILLIAM THOMAS GENNE, PARENT OF HIGH SCHOOL SENIOR, CORVALLIS, OREGON

Mr. GENNE. First of all, thank you for your flexibility. I do have a 10 o'clock flight, and I appreciate your accommodating this.

Secondly, I would like to mention my son briefly. We have one son. He is a senior at Crescent Valley High School in Corvallis, Oregon. We are lucky to have an excellent school system there, and it has been really good.

Our son has a 3.68 GPA. Most of these are AP or accelerated classes, and they are in all the kinds of sciences, social sciences, languages, etc. He was a National Merit Commendation student. He is vice president of his senior class. That is a class of about 500 students.

He was fortunate to be involved in a people-to-people exchange program, the first one that was done with the Soviet Union, spent 5 weeks in the Soviet Union 2 years ago. He has been able to travel

a good bit. He is a varsity tennis player, cross-country player, and basically I think he has done an excellent job in his 4 years at school.

To me, that really is his job at this point in his life, and I think he has done very well. His goal is to go into international relations. He feels that the global economy is essential. He wants to focus on Eastern European countries rather than Pacific Rim, and, so, he evaluated colleges and the one he really wants to go to is Lewis and Clark.

A couple of months ago, we were informed of two things. One is he was accepted to Lewis and Clark, we were pleased, and the second is that the financial aid that was available, the scholarship he applied for, there were 370 applicants for 10 scholarships. He did not get one, and the aid that he can get is a total of \$450 a year toward a bill of \$19,500 a year.

So his first reaction was we cannot afford to have him go there and that in fact he would go to the University of Oregon, where he was accepted, also. Now, my wife and I both graduated about 25 years ago, debt-free, from school, thanks to our parents, and said that we would see that he got through school.

We worked hard to build up our resources, and I think that we have been reasonably competent in saving and marshaling our resources well. We have also been able to provide a good number of experiences for our son, which I think is also important. We have not allowed him to have a car of his own nor to buy a car of his own because we felt it was important that both his money and our money go toward higher education, and, so, here we are.

There is no way that we can come up with \$19,500 a year or \$19,000 a year without taking some fairly drastic steps. Those steps are in process. At this point, we are in the midst of refinancing our home. Fortunately, it has increased in value, and my wife's father died a year and a half ago and left her about \$34,000 and about \$4,000 to our son.

So the combination of all the equity that we can get out of our house plus my wife and my son's inheritance from her father or his grandfather is what it is going to take in order to get him through 4 years at Lewis and Clark.

Now, on one sense, we are fortunate that we have got these resources and that in fact we can do it. The other sense is that I feel it has been hard for our son because I think he has done an excellent job. I think he has done very well. Most of his peers are getting scholarships and for him to not be eligible for any scholarships because I think we have been reasonably competent with our money is a little hard to explain to him.

I would guess he is one of his few friends in high school who is not getting a scholarship, and, of course, it is not public knowledge as far as needs and that sort of thing.

Basically, my feeling at this point is two things. One is that in a country that is as wealthy as ours, I find it hard that we cannot invest more in the education of our children, and there is also a feeling on my part to some degree that we in fact are penalized for driving old cars with a 100,000 miles on them and for not letting our son have a car and this sort of thing because then it looks like we are—we do not need Federal aid when in fact the two other stu-

dents that I know of that are going to Lewis and Clark from his class both have aid coming and they both have their own cars. That is just an incidental point.

But I think we as a society need to be careful about the messages that we are sending, and I strongly feel that for high school students who are, you know, their job is their schooling and if they are doing this well, I think there should be a way that we can share that with them.

Now, that was just a brief statement. I would be glad to answer any questions that you have got.

Mrs. UNSOELD. Perhaps you would comment on the priorities of this Nation and some of the other things that we spend our limited and increasingly limited resources on, and I would point out that for the cost of one B-2 bomber, we could send to 4 years of college or university anywhere in the country 18,000 young people.

Mr. GENNE. Yes. I will give you my prejudice first and that is I was a passivist back in 1961, far before it was vogue, and I do not mean that cuttingly because I think it is important, but obviously the military budgets and the military emphasis of our country is the first place that I am really overwhelmed with, and you look at the costs of each Patriot missile or each B-2 bomber or each anything, and it is amazing to me, and I know that there are many things in our country that are important because I feel the environment is a real concern, I think our health care is a real concern, but I also think that education is a real concern and one that is critical for the future.

I think we as a country need to do a much better job in this area.

Mr. REED. Yes. I just have a comment, Tom. It seems that you have expressed a concern we have heard too often, and that is that a generation ago, when our parents were preparing to assist us to go to school, that they could do that. They had to make sacrifices and contributions, but you could emerge from college relatively debt-free, both parents and children, and now I think the phenomenon is that either the children or the parent are coming out of college with staggering debts, that the young person—that shapes their career path, shapes their whole attitude towards working over the first part of their work career, and for their parents, it certainly adds additional cost.

And I think you are expressing a feeling we have heard many times before. I do not know if you wanted to elaborate on that sense of lost opportunity changing from our generation to this present generation.

Mr. GENNE. Well, yeah, it is certainly tough. It was interesting. I was talking to my mother. She graduated from Oregon State in 1935, \$450 a year it cost her. I graduated from Syracuse University 30 years later, and it was just about \$3,000 a year, and our son will be graduating from Lewis and Clark 30 years later, and it is going to be \$80,000, and at this rate, I think it is causing serious problems.

It means my son's generation will cost a \$120,000 a year and that is frightening.

Mr. REED. If you had several children, could you do what you are doing right now?

Mr. GENNE. Absolutely not. One of the luxuries we have and it was—we intended to have more than one child, but that is the way it worked out, and at this point, that means that we can take all the resources and do it.

If we had more children, there is no question the necessity it would take would be cashing in on our IRAs and 401(k)s, and also discontinuing contributing to those now, which is basically robbing from something we are trying to be conscientious about for the future, also.

So no, with one child, we can go full bore, put everything we have got toward it, and that is about what it is going to take.

Mr. REED. Thank you.

Mr. GENNE. Any other questions?

Mrs. UNSOELD. No. Thank you very, very much for being here, and I think you will make your plane. Thank you.

I would like to ask the first panel now to come up to the table. Ann Daley, who is the Executive Director of the Higher Education Coordinating Board, oversees the governor's higher education initiatives. Judith Billings, who is the Superintendent of Public Instruction, is elected statewide to oversee our K-12 education program, and, by the way, is an alum from this committee's staff, right. And then Representative Ken Jacobsen, who is the Chair of the State House Higher Education Committee.

These three will give us their insight into the State's official views and intentions and hopes in this area. I will again remind all of the witnesses here that your entire testimony, written testimony, will be made a part of the record. So you can use your time in any way to augment that or emphasize what the high points in that testimony are.

Ann, would you lead off?

STATEMENT OF ANN DALEY, EXECUTIVE DIRECTOR, HIGHER EDUCATION COORDINATING BOARD, OLYMPIA, WASHINGTON

Ms. DALEY. Thank you very much, Representative Unsoeld, Representative Reed.

First, let me thank you for bringing the Congress to us. Many of us do the travel that you do, Representative Unsoeld, and it is nice to only travel 2 hours instead of across the country.

I am Ann Daley. I am the Executive Director of the Higher Education Coordinating Board in the State of Washington.

Our agency is responsible for overall planning and coordination of our higher education system, including coordination with the independent sector, and we are also the State agency that administers all of the student financial aid programs, both the Federal portion that comes to us, which I will speak to in a moment, and our own State programs.

I have a prepared statement, and I will not read from it. I will take you at your word that you will read it.

The Higher Education Act about 25 years ago was a historic, creative statement on the part of the Federal Government that access is a very, very high priority, access to our higher education system particularly for those who could not otherwise afford to attend our colleges and universities.

It has been a very successful Act, amended many times over the course of its lifetime. We are here talking about its next life, and I think it is very appropriate that we hear the messages from the Congress that Congress is doing more than tinkering, if you will, but thinking of fundamental change and revitalization of this Act.

It could not come at a more appropriate or needed time. We have made, as I said, much progress over 25 years, but we have huge challenges ahead. A look at the demographics of our Nation indicate that we have greater numbers of people in poverty, children, a quarter of our children are being raised in poverty, many raised in families that are broken.

We have a changing face in our Nation. Many more minorities are joining our ranks. We have a changing world economy, which Representative Reed spoke to a moment ago, which challenges us to have a better educated work force today and tomorrow than we have now and had before, and we have a number of industries that are in distress as some in this very congressional district, displaced timber workers and others who need for reasons beyond their control need the access to higher education to train for new careers and new livelihoods.

All of these challenges are themes that need to be addressed as you consider reauthorization of the Higher Education Act. In my opinion, we need a major redefinition of the Act and a recommitment to the goal of access.

We also are speaking about reauthorization in the context by our President and the Nation's governors about 18 months ago at the historic Education Summit. We have adopted six very ambitious national education goals, and a reading of those goals can only suggest that we have a major challenge ahead of us if we are going to achieve them, and we are pleased about your commitment to the process of education.

Also, a reading of those goals will signal the need for collaboration among the educational sectors. One of the hats that I wear is I am chairing a task force of my colleagues, the State Higher Education Executive Officers, on how higher education can participate in the achievement of the national goals, and we are working on a paper and the themes of that over and over again as we have studied what our role should be are improved collaboration with the K-12 sector.

As Harold Hodgkinson has reminded us, we are all one system. Unfortunately, we often think about education in its bureaucratic divisions rather than from the perspective of the students who move through that system.

The achievement of higher education is dependent on achievement of our public schools, and to take a step further back, on the health and nutritional status of young children.

Higher education must share in youth intervention strategies, working with students early in their educational careers. We should be involved in improving teacher preparation programs and a whole host of things that we will be working on in the days ahead.

If higher education simply sits back and waits for who will show up and apply for admission and can afford it, it is fairly certain who will attend, affluent, largely Caucasian youth, for they are

most likely to graduate from high school, be better prepared for college, and most able to pay for the cost of higher education, which brings me back to the importance of reauthorization of this Act.

Continuation of a strong Federal commitment to equal educational opportunity is crucial. You know, you have a rich opportunity in this reauthorization cycle to negotiate a new compact, a new partnership with the states and with the various educational institutions, both in the public schools and in the higher education institutions, to solve these problems that I have only touched on.

Having raised the context in which I see reauthorization, I would like to touch briefly on five issues of concern in particular to the State as it administers financial aid programs. There are many other issues which I assume others on this panel and other panels will address, in particular the terrible imbalance between grants and loans that has occurred over the last 10 years and has made it for those students who go through the system come out with horrible debts on their shoulders.

The first issue I would like to address is the State student incentive grant program, SSIG, as it is known. This is a small program in the Federal scheme of things, funded in the current fiscal year at \$63.5 million. It amounts, as I said, to about a rounding error in the Pell Grant program, but it is an important program for the states. Because it is small, it often gets forgotten. Indeed, for the last 10 years, the administration had proposed to eliminate the program and each year, the Congress has seen fit to continue it, but it has been chipped away at.

It is important because it is a partnership with the states. A brief comment on how the program works. Funds are awarded to the states to encourage the expansion of State grant programs. It is the only student financial aid program that requires State or local matching funds on a 50-50 basis.

Many states contribute far more than their half share. Here in Washington, our State legislature appropriates about \$14 in grant aid for every \$1 we receive from the Federal Government. So it is a program that works.

This program combines with our own State aid grant program to serve the very lowest income students. The average parental income of a typical dependent student, that is one who also has dependence on their parent as opposed to someone who is an older student, the average income of those students is \$15,000 a year.

We serve 21,000 students in this program in the State of Washington.

The reinvigoration that I would like to see of this program, first of all, I hope that Congress does reauthorize the SSIG program, but I believe that it could also be used in this partnership mode to promote early intervention programs between the public schools and the higher education institutions, so that we can get in and talk to those young children in the elementary and junior high school years, remind them that college is available, inform them about student aid availability.

One of the big blocks that many students have is they do not even know that student aid is available. We at the HEC Board work hard to get that information out, but we need to do more. So

early intervention could be a new theme to the reauthorized—reinvigorated SSIG program.

Second, I would like to talk briefly about graduate education. The Higher Education Act authorizes several graduate fellowship programs, including the Harris and Javits fellowships and the graduate assistance in areas of national need.

Though small in dollar amount, these programs are key to several other major issues facing higher education and our Nation. One is to significantly increase the number of minority students who are attending college and graduate school, and we have, because of demographics, we are facing a very large turnover in the faculty of our colleges and universities in the next 5 years or 10 years.

We need to train the next generation of faculty. These programs help support those graduate students and help keep them on a career toward academic teaching.

I might say as an aside that our board is in the process, we are nearing completion, of a year-long study on the graduate education needs in the State of Washington, and we have determined that we need to double the number of graduate students in our universities. That includes not just the public universities and colleges but the privates as well.

We provide very little need-based grant assistance to graduate students. Most of it is reserved for undergraduate students. So I would encourage you to keep those thoughts in mind as you look at the graduate education portion.

The third issue I would like to address briefly is the accreditation, certification and licensing issues that have emerged because of concern about the high default rates in the loan programs.

There is no question that we need to increase the scrutiny of some of the institutions that have lured students and perhaps have lacked quality. The—again, this is an opportunity for partnership, to think of partnership with the states.

No other issue affects—erodes public confidence in our student aid programs as much as this one. In fact, the chair of this committee testified recently before a group of higher education associations, and if you will bear with me, I will read it.

“The student aid programs have been tarnished by a drum beat of reports detailing the exploitation of students by unscrupulous schools, growing default costs, schools offering over-priced and inferior educational programs, and schools and lenders with unacceptable default rates.”

Clearly, we need to get back in charge of the loan programs.

I believe that confidence and the health of the loan programs can be restored through a partnership, as I mentioned, where the states increase their diligent scrutiny and licensing of the institutions of higher education, and that the Department of Education should be empowered to establish minimum accreditation standards acceptable for institutions participating in the Title IV programs.

The Department should also exercise stronger, more diligent monitoring of programs, particularly those operated by for-profit entities, and the states must complement these efforts through more diligent oversight of the academic programs and the quality issues.

I believe the shared responsibility can be negotiated without imposing financial penalties on the states through what the administration has referred to somewhat euphemistically as risk-sharing. A proposal which would require each State to back its designated guarantee agency with the full faith and credit of the State.

The fourth point I would like to address—

Mrs. UNSOELD. I am going to have to ask you to kind of summarize.

Ms. DALEY. Okay. The fourth point I would like to address, and I can say that one quickly, there is a lot of discussion on block grants. Let me just say that block grants do provide flexibility and the states enjoy that flexibility. Unfortunately, the experience at the State level has been we get the flexibility but not the dollars.

My fifth point is we need clearly to address simplification of the financial need form. It is a perplexing document for any parent here or any student here who have tried to fill it out. It is, as one individual was quoted as saying, "one of the most perplexing documents in America." I would agree with that. We need to simplify it, but as we work toward that goal, we need to recall that we do require some data. The Federal Government requires data. The states require data. The institutions require data. In order to assure accountability in our programs.

So we pledge to work with you toward the goal of simplification.

Finally, if I could just close, we have earlier this year seen demonstration of our ability to build smart bombs, mighty military presence in the Middle East. It is time to invest in smart people. Our economy demands it. Our people demand it. I encourage your efforts and thank you for the opportunity to testify.

[The prepared statement of Ann Daley follows:]

CHARLES T. COLINS
Chair



ANN DALEY
Executive Director

STATE OF WASHINGTON
HIGHER EDUCATION COORDINATING BOARD

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TESTIMONY BEFORE THE HOUSE EDUCATION AND LABOR
SUBCOMMITTEE ON POSTSECONDARY EDUCATION

Vancouver, Washington
May 13, 1991

Presented by:

Ann Daley
Washington State Higher Education Coordinating Board

Representative Unsoeld, Representative Reed, and Committee Staff:

Good morning. I am very pleased to appear before the Subcommittee on Postsecondary Education to discuss the Reauthorization of the Higher Education Act, and I commend you and Representative Ford for holding this regional hearing.

I am Ann Daley, Executive Director of the Washington State Higher Education Coordinating Board (HECB), the state agency responsible for overall planning and coordination of Washington's higher education system. The Board also serves as the administrator of state-funded student financial aid programs, and is directed by statute to coordinate state with federal student financial aid.

Background

The Higher Education Act of 1965 is landmark legislation. It has profoundly influenced access and choice in higher education for thousands of low income college students over the last 25 years. The federal commitment to equal educational opportunity evidenced by this Act and its ensuing programs is unparalleled in the history of American higher education. We have made considerable progress.

Nevertheless, very large differences in educational preparedness, access, and progress exist between students from low income and students from high income family backgrounds. These disparities are pervasive; they affect males, females, Blacks, Whites, and Hispanics alike. The commonality is "low income." And the problem of access is exacerbated by the fact that racial and ethnic minorities are over-represented within the ranks of the poor.

Continuation of a strong federal commitment to equal educational opportunity is critical. Our work is not done. A quick glance at American demographics indicates that the needs and problems of the last 25 years pale in comparison to the challenges that lie ahead during the next 25 years. So it is most befitting that Congress has pledged a major redefinition of this Act -- entertaining necessary fundamental changes -- as part of the nation's commitment to expanded access and improved performance.

Allow me to state the problem, ever so briefly and elaborate on the needs as I see them.

- *Poverty is a growing and critical problem in our society. Poverty in the United States rose significantly during the last decade. In Washington State, nearly 600,000 families (or 11 percent of our population) reside in poverty. Nationally 32.5 million citizens are living in poverty.*

- *The face of America is changing. Today one-third of our nation is comprised of minorities -- Blacks, Hispanics, American Indian, and Asian Americans -- people who are over-represented within the low family income cohort.*
- *Poverty is particularly acute among single parents. They are six times more likely to be poor than are two-parent families, and their deprivation is also more severe and enduring.*
- *Poverty is perhaps cruelest of all to children. Currently over five million children under the age of six live in families with incomes below the poverty line. In Washington State, over 80,000 children live in poverty. Poor children are more often hungry and are at greater risk of impaired health than are other children.*
- *Early childhood experiences contribute to poor children's high rate of school failure, dropout, delinquency, early childbearing, and adult poverty. Currently, one of every five students in Washington public schools will drop out of high school.*
- *The educational level of parents is closely associated with child poverty. Parents who have not completed high school are less likely than parents with more education to be employed steadily, or at all. They also earn less when employed.*
- *Further, the limited educational attainment of poor parents is often shared by their children; consequently aspirations erode from one generation to the next.*

Without bold and dramatic intervention strategies, this negative cycle will become a self-fulfilling prophecy. These strategies need to be developed quickly, but thoughtfully. They need to be developed through collaboration of federal, state, and private institutions, and supported by volunteer and community service initiatives at the local level.

There are currently many agents of change active in this reform process, signifying increased hope for our future and that of our children. For example, the federal

government can shape policy which will lead and guide reform. This is evidenced by President Bush who recently unveiled his "America 2000" initiative, intending to implement the national educational goals agreed to by the President and the nation's governors in 1989. At the state level, K-12 and higher education can lock arms in their endeavors to strengthen educational performance at all levels, enclosing the ranks of children at risk.

As chair of the State Higher Education Executive Officers (SHEEO) Task Force on Achieving the National Goals, I am encouraged that, in our state, this has already started to happen. Higher education must establish and articulate strengthened admissions standards, improve teacher preparation and training programs, and facilitate new school-college collaboration particularly with regard to the sharing of facilities technology and facilities.

As Harold Hodgkinson has so well pointed out, we are "all one system." Thus, the achievement or failure of the public schools today foretells higher education's subsequent success or failure. Higher education must be proactive in its efforts to share in youth intervention strategies. If it simply awaits only those who show up, without intervention strategies, it is fairly certain who will attend: largely affluent Caucasian youth, for they are most likely to graduate from high school, be better prepared for college, and are most able to pay for the cost of higher education.

Which brings me full circle to the importance of reauthorizing this Act. It is time for a thorough re-examination of the programs contained therein; the last major changes were made in 1972, nearly two decades ago. And the blueprint for this Reauthorization should be as visionary and imaginative as it was 25 years ago. Our vision for the future must overreach the intervening five-year Reauthorization cycles.

The benefits of higher education are well understood. People who achieve higher education typically live longer, healthier, more productive and secure lives than those who have lesser levels of education. They will attain higher social status, greater income and

wealth, and will be less dependent upon government assistance. They will also return more to the state and federal treasuries through taxes.

Continuation of a strong federal commitment to equal educational opportunity is critical. Our needs are greater than ever, and the consequences of neglect or indifference are graver than ever. Congress, through this Reauthorization cycle, has a rich opportunity to negotiate a compact with states, public schools and higher education, proposing bold and collaborative solutions to our emerging problems.

Having expressed my concerns on major issues related to Reauthorization, I will now comment briefly on five other issues of concern to the Board. Since I am aware that a number of other witnesses will speak on issues like grant and loan imbalances, I will focus on matters of unique concern to the states.

SSIG

First, the SSIG program needs your special attention during Reauthorization. It is small, on the national scale of things, funded during FY 1991 at \$63.5 million -- amounting to about as much as a rounding error in the Pell Grant program! However, for each of the last ten years the Administration has proposed to zero out the program. Congress has nevertheless continued to fund it, responding to the needs of students and the states. But the continual chipping away at the program leaves it in serious trouble.

A brief comment on how the program works: Federal SSIG funds are awarded to states to encourage the expansion of existing state grant programs to help financially needy students pay for college. SSIG is the only federal student financial aid program that requires state or local matching funds on a 50/50 basis. Washington state appropriates about \$14 for every \$1 of federal funds available to the state grant program. The program is an excellent means by which Congress may leverage increased state student financial aid appropriations.

Federal program regulations are few by design, resulting in both flexible and efficient program administration. The flexibility allows each state, within regulations, to target its SSIG funds to meet state level priorities in the populations it chooses to serve. In Washington State the SSIG funds are combined with state monies to form a grant program targeted to the very low income, high need student. The average parental income of the typical dependent student receiving these funds is less than \$15,000 per year for a family of four. Furthermore, over a third of our 21,000 state grant recipients are students who have children of their own and who view higher education as the means to break the chains of poverty for themselves and their children. Finally, no federal dollars go toward program administration.

Jamie Merisotis, a well known national author and consultant to the State Higher Education Executives (SHEEO), in a recent paper entitled "The Federal-State Partnership in Access to Higher Education: New Directions, New Opportunities," asserted that "When examining the data on the performance of the SSIG program, most reasonable assessments conclude that it is an unqualified public policy success." (Emphasis supplied.)

The program has fostered a successful federal/state partnership. Thus, the infrastructure already in place could be readily adapted to serve as a vehicle for implementing grants to states for early intervention. By doing so, Congress could once again demonstrate how leadership at the federal level can advance state level public policy initiatives and programs in support of national priorities.

I might add that the recommendation for reauthorizing the current program at \$85 million, while concurrently revitalizing the program by a provision for state level "early intervention challenge grants" with increased appropriations, is supported by the American Council of Education (an umbrella association for higher education associations).

In summary, I recommend that the program be reauthorized to continue to provide grants to needy students, as well as revitalized by the inclusion of an early intervention initiative.

Graduate Education

The second issue of importance is the continuation of fellowship programs for graduate students, including the Harris and Javits Fellowships and Graduate Assistance in Areas of National Need. Those small in dollar amount, these programs are key to the efforts of the universities in this state, and across the nation, to increase the number of minority graduate students, and to train the next generation of faculty, especially in critical areas of national need such as the sciences and engineering.

The Washington Higher Education Coordinating Board last year completed an enrollment plan for the state of Washington which plans to double our enrollment of graduate students in the state by the year 2010. In order to accomplish this, we are dependent on the continued funding of these programs. The state provides very limited need-based funds to graduate students and no merit-based fellowship funds. Without federal assistance, we will not be able to compete with business and industry in attracting the best minds into teaching and research.

Accreditation, Certification, and Licensing

The third issue I wish to speak to is the matter of accreditation, certification, and licensing requirements as a condition for institutional participation in federally-funded student financial aid programs. What I refer to is the need for elevated standards, shared responsibility between the states and federal government, and consumer protection laws essential to students.

As Representative Bill Ford, Chair of the Full Committee, testified recently before the Coalition of Higher Education Assistance Organizations:

The student aid programs have been tarnished by a drumbeat of reports detailing the exploitation of students by unscrupulous schools, growing default costs, schools offering overpriced and inferior educational programs and schools and lenders with unacceptable default rates.

These abuses have eroded the public confidence in our student aid programs. This confidence can be restored as the federal government, in partnership with the states, work together to ensure that students who receive federal or state student financial aid need not be worried about whether the schools they plan to attend are going to close next week or cheat them out of a quality education. Quality should be a given.

States must scrutinize the proliferation of branch and satellite campuses in the collegiate sector for quality programs, and the Department of Education should be empowered to establish minimum accreditation standards acceptable for institutions participating in Title IV student financial aid programs. The Department should also exercise stronger, more diligent monitoring of programs -- particularly those operated by for-profit entities. And states must complement these efforts through additional oversight of academic programs and institutional practices.

I believe this shared responsibility can be negotiated without imposing financial penalties on states through what the Administration calls "Risk Sharing" -- a proposal which would require each state to back its designated guaranty agency with the full faith and credit of the state, thereby prompting states to develop and enforce higher standards for accreditation, licensing, and certification.

Block Grants

The fourth point I wish to stress is the importance of a continued federal commitment to higher education -- not just in the policies inherent in the Act, as amended, but in appropriations as well. I do not believe that this important historic role for the federal government can, or should, be transferred to the states. I mention this in response to the discussion that is currently occurring in Washington, D.C. in reaction to the Administration's proposal that certain of the Title IV student aid programs be consolidated and issued to the states as block grants.

Each state views higher education differently, giving it varying levels of importance. Washington State's higher education policies will no more mirror those of Alabama than Alabama's will Vermont's. In developing higher education policy inherent to the Higher Education Act during the Reauthorization cycle, Congress should be visionary, striving to formulate national goals -- goals which, if anything, elevate state standards. Federal policy on higher education is vitally important, and should therefore remain deliberative, and not simply derivative of individual state policies.

I mention these issues this morning, in the event that the current Capitol Hill discussion of block grants starts to influence Reauthorization discussions. Congress should not assume that the states are in any better position than is the federal government to provide increased forms of student financial assistance. Indeed, across the nation, many states are strapped for resources and are forced to cut enrollments, grants, and other valuable services. Nearly two-thirds of the states face serious budgetary shortfalls in 1991. These states would clearly have difficulty absorbing the higher administrative costs of federal program administration and the federal policy historically accompanying categorical administration would be left to the states to decide. Further, the experience of the states has been that while they may get the promise of flexibility, they usually don't get the funds.

I therefore recommend that Congress critically evaluate any proposals during Reauthorization which suggest that categorical student aid programs (such as Supplemental Educational Opportunity Grants and State Student Incentive Grants) be consolidated and issued to states in the form of block grants.

Need Analysis and Delivery

The final issue I wish to address this morning is the proposed "simplification" of the need analysis document a family files in order to establish eligibility for state, federal, and institutional student financial aid. It is ironic that, on the heels of Congressional attempts to "simplify" the process during the last Reauthorization cycle, the document was nevertheless recognized last year as "one of the most perplexing documents in America!"

The student financial aid delivery process has many partners, including the federal government, states, and institutions among others. While the federal government appropriates the lion's share of direct forms of student financial assistance, states and institutions provide at least a quarter of the funding. The challenge to all, then, is to ensure that each party collects only those data elements critical to determination of program eligibility without unnecessarily duplicating data collection.

While I support "simplification," it is important to remember that there will always be a tension between "ease of application" and the interest of government in ensuring stewardship and accountability for the expenditure of public funds. We must continue to work toward a common goal: to simplify the delivery process while preserving equity in the distribution of dollars and the targeting of those dollars to the appropriately intended beneficiaries.

Conclusion

Higher education is essential to a productive workforce, individual economic self-sufficiency, and an educated citizenry in a democratic society. The federal commitment to higher education, demonstrated largely through the provision of student financial aid, is as important today as ever. Our economy is threatened and more of our children are poor. Thus, the goal of Congress throughout this Reauthorization process should be to strengthen this role while shaping a vision for the future. We have started to fulfill the promise; now it is time to renew the federal commitment.

In conclusion, the Higher Education Coordinating Board will encourage the Washington Congressional delegation to promote these goals and we thank you for your assistance in delivering the message to the rest of Congress.

Mrs. UNSOELD. Thank you, Ann.

As usual, you have given us a lot of information to try to digest, and we will read the rest of the text.

If we are not going to lose my colleague, however, for an airplane, I am going to have to ask—we do not have a light system here that we have in DC, to warn people when we are approaching 5 minutes, but I would ask if we try to accommodate since I want Congressman Reed to have full opportunity for these folks who have come.

Judith?

STATEMENT OF JUDITH BILLINGS, SUPERINTENDENT OF PUBLIC INSTRUCTION, OLYMPIA, WASHINGTON

Ms. BILLINGS. Thank you.

For the record, I am Judith Billings, Superintendent of Public Instruction for the State of Washington.

I certainly want to welcome both of you here. It is always nice to have you home, Representative Unsoeld, and you will notice that we did make certain that we had Washington weather so you would feel comfortable and know where you were.

Mrs. UNSOELD. Yes.

Ms. BILLINGS. I am delighted to have an opportunity to talk about the Higher Education Act even though my responsibilities are within the K-12 system because as Ann Daley so clearly pointed out, if we wait to talk about whether or not we are going to be able to deliver high-quality education until students are of an age when they will enter postsecondary education, we are way, way too late down the stream in terms of trying to make it truly a quality kind of system that will provide us with the kind of citizens we need.

I think there are two things that are going to be very important as we look at what happens not only in K-12 education but in higher education over the next few years.

One is the changing demographics that mean we have a very different population to educate beginning even prior to what we think of now as formal schooling. It is going to cost more.

Secondly, we have a much more complex set of things to present in our educational system than we have ever had before because of the changes in technology.

I think that one of the daunting things for us particularly as K-12 educators at this point is trying to figure out how we put together a system that prepares children much—for higher education and/or for work when we do not know really from day to day what jobs are going to be even 5 years down the road.

I think I read somewhere the other day that in 2010, about 60 percent of the jobs that will be available then we do not even know about now. So as educators, that makes us a little nervous as we try to decide what we can do.

One of the things I think it is important therefore that as we look at the reauthorization of the Higher Education Act, that we look at reauthorizing it not in a postsecondary vacuum, but recognizing that more and more postsecondary education is going to be something that will be life-long for people. It is not something that

will be done in a 4 year shot, a 6 year shot or whatever. It is something that is going to have to accommodate people throughout their lives.

To look at it from the standpoint, however, of Washington State and the students who are in secondary schools right now, last year, we graduated 45,200 students. About 21,000 of those entered postsecondary institutions in the State of Washington, less than half. Part of that, I think, as has been pointed out by the two who have testified previously, has to do with cost of higher education as well as it does whether or not there are enough slots available.

Although Ann has spoken well to the financial aspects of higher education, I would like to also recommend strongly that Pell Grants be increased and frontloaded for the first 2 years of postsecondary education so that kids have an opportunity to get into higher education and to it without having to worry about the finances and whether or not they are going to have to work to stay there, so that their concentration can truly be on their studies.

And secondly, as those grants increase, I would also like to see the loan limits for Stafford loans—I do not know whether I should say lowered or raised, so that at any rate, that there is more money available to students but also so that when students get out, they do not end up with this huge amount of debt hanging over them that they have to worry about.

I want to give you just a quick indication in Washington State of the number of 12th graders who think that they will go on to higher education. About 14 percent only figure that high school will be the end of their education. Twenty-two percent are planning on going into trade or business schools. Twenty-one percent expect they will attend college for 2 years. Twenty-four percent for 4 or 5 years.

So if we are looking at postsecondary education not only as what we think of as college and university education, we clearly have the majority of our students recognizing and hoping that they will be able to go on for postsecondary training.

Most of those decisions we hope people start to make relatively early on in their careers, but another place where we have real trouble getting the kind of information to students that we would like them to have is because of the lack of secondary counselling time.

We do not require counselors in all of our secondary schools to a degree that they actually are available to counsel kids. Only about 50 to 60 percent of secondary students ever come in contact with a counselor, and about 13 percent of that time only is spent on career counselling. The rest of it is for other purposes.

So really in getting kids that sort of guidance early on, that is not happening, and, so, we would strongly recommend also the expansion and incorporation in the Higher Education Act of the concepts in the Student Counselling and Assistant Network, SCAN, Act of 1991.

I will give you a couple indications, too, of how the, I guess what I call the, free flow of kids through the educational system more and more is not being put into the little boxes that we have been used to dealing with, K-12, then 4 years of college, and so forth.

*In this State, for instance, we have both advanced placement and running start. In Washington, the advanced placement has grown dramatically. Fifteen years ago, in 1975, fewer than 500 students in Washington State participated in advanced placement courses. By 1990, that had grown to 5,000 instead of 500, which indicates the number of high school students who are taking advantage of the ability to work their way smoothly out of the secondary system into the postsecondary system.

In addition to that, the Washington State legislature last year passed what is called the "Running Start Program," where students can be enrolled simultaneously in a community college and in high school and earn credits for both high school graduation and the beginning of their college career at the same time, and we have five participating colleges and 500 students participating in that this year, and we expect to see that increase greatly.

One other thing that I want to emphasize in the need for a strong higher education system is preparing those teachers who will teach in the K-12 system. We are facing tremendous shortages of teachers right now, and we need to go back to a time—as I recall when I was in college, we had a loan program that if you went into teaching, taught for 5 years, half of your loan was forgiven, and those kinds of programs that encourage people in to teaching we strongly need, so that we will have the kind of teaching cadre that we need.

The other thing that I want to just quickly emphasize is something that Ann mentioned as far as the mix of people we need in teaching, looking at who are our student population is.

We had 2,300 candidates graduate from Washington State colleges going into teaching in 1989-90. The need, however, was for 2,600 candidates. Then, we had of those candidates less than one or just barely 1 percent who were other than Caucasian, and, yet, if you look at how our population in school has grown, Caucasian population, 3 percent in the last 10 years, Native American population, 13 percent, Asian population, 39 percent, black population, 30 percent, Hispanic population, 67 percent, and, yet, less than 1 percent of the new teaching force is any kind of cultural-ethnic minority.

With those statistics, I think that you can see how important it is that we do recruit and enhance programs to pull those folks into teaching.

The other and last thing I would like to mention is that I would hope that as we encourage our higher education institutions to be quality institutions, that we can come back to offering some kind of incentives for excellent teaching rather than simply for excellent research because it is, after all, the excellent teaching that is going to be most important in preparing our citizenry for the next century.

Thank you very much for the opportunity this morning.

[The prepared statement of Judith Billings follows:]



JUDITH A. BILLINGS

Superintendent of Public Instruction

TESTIMONY BEFORE THE HOUSE EDUCATION AND LABOR
SUBCOMMITTEE ON POSTSECONDARY EDUCATION

Vancouver, Washington
May 13, 1991

Presented by:
Judith A. Billings
State Superintendent of Public Instruction

Representative Unsoeld, and Representative Reed:

I commend you both for holding this regional hearing. Among the most important tasks facing the Congress this session is the reauthorization of the Higher Education Act (HEA). Along with the Morrell Land Grant Act and the GI Bill, the HEA has confirmed and contributed to the appropriate and laudable federal role of widening opportunity to attend, and improving the quality of postsecondary education. The result is a system of higher education that is unrivaled in the world. As lawmakers, you face a difficult task -- "remodelling" the federal Structure to ensure continued and improved access and quality.

It is fitting that the Higher Education Act undergoes this process of improvement following a celebration of 25 years since the original enactment. I think it is not coincidental that the HEA celebrates its anniversary with several other important federal programs: Head Start, the hallmark federal preschool program; Chapter 1 - Compensatory Education for the Disadvantaged, the largest federal elementary and secondary education program; and the Older Americans Act.

My task this morning, as the state elected official responsible for elementary and secondary schooling in Washington, is to urge that this reauthorization be considered, not within a postsecondary vacuum, but as part of an integrated and interrelated system of life-long learning.

In 1990 Washington's high schools graduated approximately 45,200 students. This year that number is estimated to be 44,850. (A recently burgeoning school-age population will result in large increases to these statistics in the years to come.) In the fall of 1990, 21,097 students entered public postsecondary institutions in Washington.

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Each line, section and title you consider during reauthorization has potential to effect the hopes of these children. I urge that you provide them, particularly the disadvantaged and those under-represented in our colleges, with the broadest postsecondary opportunities possible. I will leave to my Washington colleagues from higher education, the duty of detailing the needed changes within the financial assistance programs of the Title IV. However, I would like to join the voices of many who have urged that Congress recoup the ten-year trend that has resulted in the shift.

Pell grants should be increased, made an entitlement, and 'frontloaded' for the first two years of postsecondary education. In turn, as grants increase, the loan limits for Stafford loans should be lowered and 'backloaded' for the second two years of college.

Relating to the hopes and aspirations of Washington's high school students, here are a few expectations revealed by 12th graders: 14% expect they will graduate from high school or less; 22% anticipate they will attend trade or business school; 21% expect they will attend college up to two years; 24% expect to complete a four or five year degree; and, 18% expect to pursue post-baccalaureate study.

We all know, or at least hope, that post-high school plans are not conceived when our graduates don their caps and gowns. Indeed, curricular decisions affecting a student's postsecondary career are made as early as the middle grades. Whether a student takes applied sciences or chemistry, business English or American literature, may have long-term consequences. The corps of counselors assigned to facilitate in the decision-making process is far too limited to meet the need.

A 1990 survey of Washington school counselors indicated that middle and junior high school counselors, on average, estimate they are able to serve only 48% of the student population adequately. They also estimate that only 11% of their counseling time is spent on academic counseling, only 4% on career counseling. Washington senior high school counselors estimate they serve only 56% of the student population adequately; 20% of their time is spent on academic counseling, and 13% on career counseling. These statistics do not disparage our secondary counselors; but illustrate they are too few and overextended. They haven't the time, training, or resources to help students wade through the differing academic requirements for postsecondary admission, or the myriad of financial assistance requirements.

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To assist, SPI strongly urges the expansion and incorporation within HEA of the concepts contained in H.R. 1524, the Student Counseling and Assistant Network (SCAN) Act of 1991.

I believe this bill will expand information and counseling services to all students, but particularly to the disadvantaged and under-represented on our campuses. I commend the early intervention activities that will help ensure that middle grade students are encouraged to choose a challenging secondary curriculum, and prepare early for the college application and admission experience.

SCAN will complement the HEA-Title IV TRIO programs such as Talent Search -- which offers informational outreach, educational guidance counseling and support for low-income high school drop-outs and students, and Upward Bound -- which, much like Washington state's SMART program, provides college-based experiences of rigorous academic instruction, individual tutoring, and counseling for low-income disadvantaged high schoolers.

I advocate expansion of these two early intervention TRIO programs so the more eligible students can be served.

In Washington all public high schools are responsible for providing a program, directly or otherwise, for students preparing to enter baccalaureate programs. Two examples highlight this program emphasis -- Advanced Placement and Running Start. In Washington student enrollment in the College Board's Advanced Placement program has grown dramatically. In 1975 fewer than 500 Washington students participated; by 1990 the number had grown to nearly 5,000. In addition to hundreds of Washington high school students whose parents pay tuition for courses at local community colleges, the Washington Legislature funded a "Running Start" pilot program; during 1990 approximately 500 high school students were served by the five participating colleges.

The intersection between elementary and secondary schools and those of higher learning is broadest, and perhaps most important, where our schools, colleges, and departments of education prepare candidates for K-12 service. The National Goals and the President's call for a new generation of schools in America 2000 will remain meaningless without an expansive investment in human resources within the system. Our elementary and secondary schools are already confronting teacher shortages, especially in mathematics, science and special education. In addition, the restructuring movement and the changing social and economic

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demographics the nation's schools create exceptional needs for professional development opportunities for those already in K-12 service.

The White House, and a majority of the 101st Congress favored passage of an omnibus education bill, H.R. 5932, that included \$350 million in teacher training programs. Unfortunately, that bill was not enacted. The Title V Teacher Training Programs under HEA must be provided through a comprehensive approach for both pre- and in-service training. The initiatives within H.R. 5932 would strengthen in-service professional development for teachers, enhance teacher recruitment and retention, and promote diversity in the teaching force. These, coupled with the existing Title V programs would form a sound base of federal support for teacher training.

SPI advocates incorporation of the approximate \$200 million in funding provided in H.R. 5932 for Professional Development Academies for local education agencies and higher education institutions to form partnerships and receive grants from state education agencies to strengthen in-service staff development.

In 1989-90, our state's teacher colleges prepared 2300 candidates for K-12 teaching experience. The projected need for new hires in 1990-91 was 2600 teachers, a 40% growth over the year before. From 1980 to 1990, Washington State's white school population grew by three percent. During the same time our Native American school population increased by 13%, our Asian population increased by 39%, our Black population by 30%, and our Hispanic population by 67%. Of the 2300 teachers prepared for K-12 service, three Native Americans became Washington teachers, 12 Asians entered the Washington teaching force, 9 Blacks joined the ranks, and 7 Hispanics entered the classroom as Washington teachers.

I think these statistics are the best expression of the need. I urge you to consider imperative new and improved programs that enhance teacher recruitment and retention, and promote diversity in the teaching force.

SPI supports the \$70 million in programs within H.R. 5932 for the institutional recruitment and retention of teachers and teacher corps induction programs to bring additional highly qualified individuals into the teaching force. Priority should be given to under-represented populations within the force, institutions preparing significant numbers of teachers in rural or geographically isolated areas, and those preparing to teach the disabled, limited English proficient or preschool-age students.

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Finally, Representatives Unsoeld and Reed, I would like to address briefly the concept of institutional aid. Washington's elementary and secondary schools, and many of their counterparts across the nation, have begun the process of restructuring their very nature. Proven theories on schools of excellence and successful teaching practices for all school-age populations, particularly those with special needs, are finding their way into the classroom. I view this as a quiet revolution, and the only base on which a successful system can and will be built.

I believe the effects of successful teaching probably do not alter substantially when a student passes through that margin surrounding the age of 18. I hope when you consider the flow of federal assistance to institutions of higher education--not only assistance under HEA, but through all other federal agencies--that you place a premium on sound postsecondary instruction. I urge incentives be expanded for colleges and universities that provide, not just leading research and development, or exemplary facilities, but excellence in postsecondary teaching.

We should reward the kind of teaching, K-12 through graduate school, that not only completes a transcript, but sends the student on to a life of inquiry and development.

Mrs. UNSOELD. Thank you.
Ken?

**STATEMENT OF HON. KEN JACOBSEN, WASHINGTON STATE
HOUSE OF REPRESENTATIVES, OLYMPIA, WASHINGTON**

Mr. JACOBSEN. Okay. Thank you.

For the record, my name is Ken Jacobsen, Chair of the House Higher Education Committee. I want to welcome you to the State of Washington. Good to see you again.

I thought—I was trying to think how I got interested in this issue, and I really realized I should have been on the first panel. I am a parent. I have a ninth grader and I have got a seventh grader, and I am just really starting to wake up to the size of this issue, and I am associated with parents of ninth graders and seventh graders, and they are just as concerned as I am.

Just to give you a little bit of the scene, I want to—I do live in Northeast Seattle. It has 2,300 faculty from the University of Washington in the area, and it is a well-to-do area, and it has had significant property increases. In fact, my own house has increased in the last 3 or 4 years by 60 percent. My income has not, but I am considered fairly well-to-do.

What I hear over and over, people are wondering in that group and around the State, how are they going to be able to pay for their kids to go to the university, and they are really concerned about it.

The other thing I think I find very interesting right now, after the legislators came off the campaign trail last time, there were a lot of bills dealing with student financial aid that showed up in our committee, and they came from legislators that I would say were not traditionally interested in higher ed issues, and, so, what it tells me is they were hearing it from their constituents around the State. We need to do something.

And what I did, and I am just going to tell you what I did, and then if it fits in your ideas, good; if it does not, that is okay. But I got together with student financial aid officers and I said, let us just pretend for a little bit that we do not have to worry about the price tag and develop for the State of Washington some kind of program that would be ideal. Then, afterwards, let us go back down and figure out what it costs to do this program.

So after battling around a lot, we came up with a program that increased the definition of a needy family up to \$49,000 in income, and that is 125 percent of the average State wage in this State, and we turned around and we said that would be needy, and we started at the bottom of that line and we said at the bottom it would be mostly grants.

By the time you get into—you get to the \$49,000 level, you are talking about a combination of loans, work study, and perhaps some grants. Now, this is the first time our State work study would be eligible up to that high, and what that does, there are advantages in work study that gives you better career opportunities, it helps you in your studies.

At the bottom end, we—the other thing in this proposed brainstorm, we said that if your income is under \$20,000, there will be a

one-page form to fill out to be eligible for student financial aid, given all the other indicators, you probably qualify, so we will make it simple to get in.

We would increase the information that would be available. We also allowed graduate students to be eligible for the program and we set up an element for teachers.

Now, what the student financial aid officers are telling me, they are getting tired of doing their jobs because it has really turned into a rationing situation instead of actually helping people. They wanted to help people. Now, what they have to do is figure out ways of getting people out of the cue, picking them off and saying you are not eligible for this reason, you are not eligible for that reason, getting people out of there, not helping people get the higher education.

They do not want to do that anymore. They need the resources to do it and they need a more simplified form of doing it.

The other thing I think was sort of interesting and probably reflects where I am coming from is I said let us throw out home equity. I was told over and over again that this would—it would be not feasible, it would be very costly and so on. Well, this program we dreamed up within State context comes to about \$50 million, and they say taking out the home equity added 1.5 percent to the total cost of the program.

It was not as bad as everybody thought it was going to be because there are very few people that are in the situation of, say, having a \$400,000 house and, say, \$20,000 in income with a couple of kids in university. It is not that common across the country.

So that is the kind of bill we looked at. Now, what the thing that could help me, I do not know if this is going to work or not, we are going to have hearings this year, but one area where in the short-term, out of sight of doing it on the Federal level, I could use in this State some possibility for us being exempted for some of the Federal requirements so we could try it and see if it does work.

You know, I am looking at this, and like everybody else, you get your world view from when you went to university, and I guess that was the status quo antebellum before the Vietnam War, and then if you go back and look at the one bill that really did do a good job, was the World War II GI Bill, it was costly. I bet if you cost out the benefits now, it would be an incredible amount of money, but at the same time, we know that we were paid back in increased earning power, increased productivity for our country, and I view the country right now, we are sort of like, you know, the financial aid experts have figured out, we are about where that \$25,000 a year family is. We are teetering between not borrowing the money or investing it in education, going on as usual and watching their kids' lifestyles and their quality of their life decline.

They do not actually feel it right now. They are making a comfortable decision. We got a tough decision coming up. Do we make the sacrifices now for a brighter future or do we just keep going on business as usual? I do not think we can do business as usual.

[The prepared statement of Hon. Ken Jacobsen follows:]



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Public Testimony

From: State Rep. Ken Jacobsen, D-Seattle,
Chairman of the Washington state House of Representatives Higher Education
Committee

To: The U.S. House Subcommittee on Postsecondary Education
Chairwoman Rep. Jolene Unsoeld

The education and training of our citizens is one of the best investments we as a nation can make in the future of our country.

The people of Washington state recognized the importance of this principle more than 100 years ago when they adopted the state's constitution.

In that constitution they stated that the paramount duty of the state was the education of its children.

This education covenant was adopted during a time when the only industries in the state were natural resource based -- farming, fishing, logging, ranching and mining.

Today our children face a very different world -- a world that in increasingly complex technologically, economically, and in geopolitical terms.

In order to maintain the economic and political strength of our nation, the citizens of the 21st century must be well educated and well trained.

It is vital to our country's national interest that the federal government continue to invest in America's future by helping all citizens have access to high quality education and job training.

As Congress begins the process of renewing our national commitment to education I recommend that the federal government adopt as a top national priority the support of financial aid programs for students who need financial assistance to complete a college education.

This includes students from middle-class families who are slowly being squeezed out of federal aid programs as program funding erodes.

Is America making a prudent investment decision by denying aid to these students?

Those of us who grew up in the fifties and sixties believed that the national commitment to higher education would help our children as it helped us.

COMMITTEES
CHAIR, HIGHER EDUCATION

ENERGY & UTILITIES

CAPITAL FACILITIES & FINANCING

For many of us, our major personal investment is in our family home. We cannot use the paper equity in our homes to send our children to college, since we couldn't afford the monthly increase in mortgage payments.

For these reasons, I strongly support Congressman Ford's proposal to exempt home equity from financial aid asset calculations.

In addition, federal financial aid programs must quickly and dramatically address the grant/loan imbalance. The heavy reliance on loans requires students to mortgage their future earnings and discourages them from seeking careers in public service fields. I also have serious reservations about front-loading financial aid programs.

This over-reliance on loans also discourages most low-income and first-generation college students from making the long range commitment necessary to complete a baccalaureate, graduate, or professional education and training program.

Including more grants and work study programs in students' financial aid packages would help to address these problems.

Creating a public service program that permits young Americans to provide service to their communities while in high school and college in return for future educational aid will also help to address this imbalance. It also would provide a new form of self-help program.

America also must invest in the graduate education of its citizens. We need to encourage our brightest citizens to enter careers in academe.

Many of Washington's graduate students live in genteel poverty. In order to complete their lengthy educations, many need additional grants or work opportunities.

Finally, providing higher education opportunities must be a partnership effort among the national and state governments and the nation's businesses.

In this Washington, we devote about \$1 billion per year, or 14 percent of our state's budget, to higher education. Of that amount, about \$36 million is dedicated to student financial aid. I have proposed doubling that amount over the next several years, but our state cannot afford to increase its commitment to financial aid that dramatically at present.

Although I recognize that fiscal reality, I've pledged my support to continuing to press for increased aid funds. However, we still must look to the federal government to provide the bulk of aid funds for the foreseeable future.

And, given the mobility of the American people, and the vast economic, societal, and political benefits that an educated populace provides, the national investment in higher education is a worthwhile priority.

The country will recoup these investments later in a person's career through the higher taxes and greater productivity these citizens will bring to our nation.

Mrs. UNSOELD. Thank you very much.

Jack, would you like to lead off?

Mr. REED. Thank you very much for your testimony. It was quite thorough and insightful, and I have just a couple of questions.

First, getting back to Ann's point about the State student incentive grant program, as you know, the 1992 administration budget has no money in it for SSIG, and they "have reached a conclusion this program long ago accomplished its objective of stimulating all states to establish the need base for postsecondary student grant programs." Therefore, they do not feel they have to fund it.

I take it you feel they should fund it or we should fund it, and without that funding, the states would probably not be able to continue?

Ms. DALEY. I absolutely believe we should continue the program. For one thing, a number of the states are in dire financial straits, particularly in the East and Midwest, but also along the coast here, California and Oregon are feeling a great pinch, and our own State is feeling some as well.

Secondly, I think that it is a model program in terms of the partnership between the Federal Government and the State, and if we can reinvigorate it with some ability to use some of those funds for early intervention programs addressing the pipeline issue, that it would be well worth doing.

I strongly would recommend it. The administration has said similar things for 10 years, 11 years now. The previous administration and the current administration.

Mr. REED. They have certain themes they like to play out constantly, but the second question, Ann, is with respect to accreditation of certain schools here. Is the State of Washington taking a step to look into further accreditation or further review with respect to these schools and the default rates? Is that something you are contemplating?

Ms. DALEY. We have a statute on the books called "The Degree Authorization Act," which requires my board to approve any institution that comes to the State that is not now accredited or is based out of State. We have to approve them offering a degree and we do some review of the quality of their educational programs.

A similar board dealing with vocational proprietary sector does similar work. We are—my staff right now is looking at that statute and will be talking with Representative Jacobsen and his colleagues in the Senate.

We believe we need more teeth in that Act, particularly given the Federal Government's interest in improving the licensing and accreditation of these institutions.

Mr. REED. Thank you.

Ms. DALEY. We will be doing that.

Mr. REED. Judith, I was struck by your comments about the need to really invest in K-12 in order to do the full job in the Higher Education bill. We are hearing constantly, particularly from the administration, that there had been a 30 percent increase in funding for elementary and secondary education, and that we are still looking at a situation where no one is particularly happy about it.

I guess my question would be, to what extent are you looking at non-monetary steps to improve education K-12 that will help prepare people for higher ed?

Ms. BILLINGS. Yes, that is a very fair question, and it is one that I think has us very excited these days as we deal with the kinds of possibilities there are for change in the K-12 system, and one of them is getting past calling it K-12.

I think if we are going to look at the life-long learning kind of thing and one of the concepts that we are looking very closely at right now is having schools be truly neighborhood learning centers, so that what we are doing is making the community as a whole much more a part of the education of children and therefore as they move through the system, kids having a much better handle really on what education is all about, what it is for, and how it is going to fit them to be a contributing part of that community.

I think as we make those kinds of changes, it is going to have a tremendous effect also on what we expect of our higher education system.

Mr. REED. Do your responsibilities cover adult education?

Ms. BILLINGS. Yes, adult education is in our agency.

Mr. REED. So I presume that you are looking at or exploring different ways to integrate your traditional adult education with some of the demands of the workplace and some of the demands of even higher education, this lifelong educational process?

Ms. BILLINGS. Yes.

Mr. REED. Can you talk about that?

Ms. BILLINGS. Well, in this State, we are, I think, very lucky with the kind of leadership we have in a number of the boards and institutions that deal with continuing education, and we have very strong positive relationships between the higher education board, the employment security division, our office, the State board for vocational education, where we are always—and the State board for community colleges, in all of those cases, we are looking at ways to coordinate our activities so that we get the best possible mix of educational opportunities wherever they need to be.

For instance, in our vocational technical institutes, we have what we call basic education, which is adult education for those students who come in and need some reading, writing, arithmetic, that sort of thing, to be able to take full advantage of the technical courses. The community colleges offer adult literacy programs. We have the Evening Start Program which is a state-funded program that is inter-generational, and we, of course, have the Federal funds as well, but that is where you take children and parents who do not have anything past sixth-seventh grade education and educate them together, hoping to break some of the cycles that have led to, well, to poverty and to some of the non-skilled kinds of jobs being the only ones that people are ready for.

Mr. REED. One final question, Judith. That is, you have commented that the Pell Grants should be front-loaded. I wonder if such a concept is followed, front-loading, putting the bulk of the money up front without needs to borrow or to work, to what extent do you think that should be tied to academic performance by the student?

If we are giving the individual student the dollars to go to school and to work hard, should there be more emphasis on academic performance?

Ms. BILLINGS. Oh, I definitely think that there ought to be a connection between the student doing well in school and continuing to receive that kind of funding, and that would be the whole point for front-loading, is so that parents and students do not have to worry about what is going to fund the experience but they can put their total energies into the educational process, and I would think that certainly one would be expecting those students to—well, if we are going to use a grading system, to be doing at least average, well and better if they were going to continue to receive those grants.

Mr. REED. Thank you.

Ken, you have got a difficult job. I spent 6 years in the State Senate in Rhode Island, and you have all the problems and few of the resources. I am finding that is the case in Washington, also, but it is particularly the case in the states.

Your program, a \$50 million program, is that feasible within the confines of State government, you know? I know it is difficult to get through the assembly, but are we talking about something that—

Mr. JACOBSEN. What is interesting is everybody says we cannot afford it, we have about a \$15 billion budget, and then in our democratic caucus, I briefed on it one day, and I was discouraged, but then, afterwards, four different representatives came up to me and said, boy, I sure could use that program.

What I think you are seeing is one of the examples of not the Mandarin class but the ones that are actually involved in there are very sympathetic, and I think in the end, we are going to have this program because there is going to be a broad enough public support for it. I think reaching into the—reaching beyond into the middle class is going to assure success.

Mr. REED. Now, the program—and, again, I know it is in the drawing board stages, but it will focus on assisting Washington State residents and send them to Washington State institutions?

Mr. JACOBSEN. It would be—yes, it would be focused on Washington State institutions. The only other—it is not that difficult to become a resident of the State of Washington if you did move in. It is a year waiting list and that kind of thing, but—so, it would work that way.

Mr. REED. I guess the only other question I would have given your rather unique perspective, do you have any additional comments to us about how we should respond to the problems you see out there with respect to higher education?

I know you sort of asked for some type of flexibility, but is there anything more specific that we could—

Mr. JACOBSEN. Well, I am sort of—I am not a technical expert, but I know that a lot of the Federal requirements are difficult to do at the local level, and if they were loosened up in the congressional methodology. If we could have some flexibility for working things around, I think we could find a local solution that would work better than what is happening right now, and the way I am looking at it, I understand your process is 4 or 5 years, that if we could get some authorizations, some recognition from you about—we are

dealing with some of the concepts that are—really, they are in the national debate, and walk them through in one State and see what it looks like, how it plays out on the ground and then, after that, you could just have a better—you would have a working model to look at and see what the pros and cons of some things are. That certainly would help.

Mr. REED. Thank you. Thank you very much.

Madam Chairman, thank you.

Mrs. UNSOELD. Ann, in your discussion, written discussion on block grants, you said that you did not believe that the important historic role for the Federal Government can or should be transferred to the State.

Can you please tell us why you feel that way, what the importance of retaining the tradition—

Ms. DALEY. Well, I think part of it is fear that block grants often mean the first signal of the decline of the money, but also that the higher ed authorization or the Higher Education Act and reauthorization of that is an opportunity to the Congress and the Nation to have national goals that can, if anything, elevate the standards that the states aspire to.

We have great diversity across our country, and Congress always needs to balance the need for flexibility in order to encourage diversity and creativity. On the other hand, you also need to provide some leadership, and flexibility with some goals, with some revision as part of this Act, is what I was trying to say in that comment.

Mrs. UNSOELD. You talked about bills being introduced by individuals are not normally active on the education issues. Do you—and also that by expanding into the middle class, you feel that there's a better opportunity for achieving the program that you were outlining.

Do you feel that there is an increasing commitment to spend new real dollars by some of those who are introducing those bills?

What is happening out there as you see it in this part of the country on the willingness to pay by the citizens and how that is reflected by the people who represent them?

Mr. JACOBSEN. What I think I see happening is the middle class breaking up into two parts; one-third moving up and two-thirds are moving down. I think it is the two-thirds that are moving down that are becoming desperate.

There is—in fact, there was an excellent article I read a couple of weeks ago discussing the fact that the middle class, up to \$49,000, student financial officer, are really hard-pressed to pay—to pay for their children going to a university and other kinds of training.

So I—that is a large voting block, and I think they can give the will to the legislators.

The other I think I see happening after 9 years, originally it was the students who have always taught student financial aid to me. In the last couple of years, I think I see that the financial aid officers are coming on, and they are talking about it, and then when I see—the one that is going to come in behind them are the parents, and I think once you get the parents in there, you get a lot of staying power, and they are not moving away, they are not going to go

do something else, they are not—this is not going to be a temporary phenomenon for them.

They are always going to be there advocating for it, and I think with that, I think a coalition is in the making that can put it over.

Mrs. UNSOELD. Thank you.

Judith, I think you are probably familiar with the Committee for Economic Development's last study which really hones in on early childhood education, but if we are expanding our concept of education, picking it up at birth, and we are seeing that it extends throughout a lifetime, how do you feel the public is responding to the need to pay for these programs?

Is there anything that you detect showing a willingness or how do you evaluate it? What can you tell us about how we ought to be tailoring our attempts to get the funding for these programs?

Ms. BILLINGS. I think there is a willingness, an increased kind of willingness on the part of the public to pay for services that benefit children, that benefit families, as long as they understand clearly what the money is going to be used for. If they think that—for instance, you are well aware of what happened a couple of years ago here with the children's initiative, where in many cases, even though originally the response to that had been very positive, because there was no clear indication of the kinds of programs, the kinds of services that that money would support, there were a number of people who began to feel like it was the black hole, as they said, and there would be the money and they did not have a good feel for what would happen to it.

If people are—certainly if Washington State is representative of the rest of the Nation, when people in this State are polled and asked whether or not they would be willing to pay higher taxes, more taxes, different taxes, for—specifically for education, the response is always more than 50 percent yes. Sometimes it is as high as in the 80 percentage area.

So I think there is a willingness and a recognition out there that education truly is the key to the future, that if we do not have an educated populous, certainly economic picture is going to get worse and worse, and I think there is a growing recognition also that there is money out there to spend.

Some of the very things that you pointed out. I was doing some calculations the other day, and what we spent on the Persian War and the S&L bail-out would fund K-12 education in the State of Washington for a 142 years, and, you know, you have to really ask yourself then what is the better investment when you know, for instance, that we are putting approximately \$4,000 per year per child into education and we are paying \$25,000 a year for people in prison every year, and 85 percent of them are high school dropouts.

Now, again, it is what is the best investment, how can you best use the money that is available, and certainly to put it into the education of people is much better investment than almost anything else.

Mrs. UNSOELD. Thank you.

We are only a couple of minutes over our time for this panel. If any of you want to make a final shot at the record or we will keep it open and if things come up that you think you would like to

have re-emphasized, if you want to submit any additional written testimony.

Last comments? No?

Ms. DALEY. I will take you up on your offer.

Mrs. UNSOELD. Okay.

Ms. DALEY. Less than 1 minute. The front-loading issue, putting all grants in the first 2 years, is something I think requires some study. It is very appealing and attractive, but—and I am not sure where I stand on it, except that I am—alarm bells are going off.

Certainly, we need to look at what that might do to persistence beyond the first 2 years, and what it might do in terms of patterns of attendance at different kinds of institutions.

Thank you.

Mrs. UNSOELD. Thank you.

Mr. JACOBSEN. Madam Chair, I would agree with that. I am concerned about that.

The only other thought I would leave you with is in regards to the loans, one time I talked to a student in my district, he is in UW Medical School. He pointed out to me that if—he had a lot of loans, but he said if he became a plastic surgeon, he would be able to pay back his loans fairly quickly, but if he went into medical research, which was his true interest, he would not be able to pay back his loans, and by relying on that loans, we are affecting people's career choices and in most cases, and that is why now in this State, we have condition—we have scholarships for teaching, nursing and so on, and that is another element you are seeing, is that when there is an occupational shortage, then they say, well, we will get them some scholarships in that area, whereas if we had an adequate student financial aid program, we would not have to administer a lot of little programs, we would be able to just say, sure, you want to go on to higher education, here is some assistance for you.

Mrs. UNSOELD. Thank you.

Ms. BILLINGS. A quick comment on these grants. I am not suggesting that we put all off the grant money certainly in to first years. I am simply saying that to put a higher proportion of it there to get people off to a good start, but certainly there are students who are going to need help all the way through, and, so, there ought to be some assistance available past those 2 years as well.

Mrs. UNSOELD. Thank you.

Ms. BILLINGS. Thank you.

Mrs. UNSOELD. Thank you very much.

I would ask our next panel to please come up to the table. Larry and Renee Lynch. We talked about working America's kids, but we also have adults who are trying to pay for their own education—Angela Slaughter, who is also a student, and Adele Olson, guidance counselor in the Vancouver system.

Who would like to begin? Go ahead. Adele?

**STATEMENT OF ADELE OLSON, GUIDANCE COUNSELOR,
VANCOUVER, WASHINGTON**

Ms. OLSON. I wanted to mention to Representative Reed, I hope when you go back to Rhode Island, not only will you take back the information that this testimony this morning is presenting, but I do hope that you will go back with a little bit of the Blazer mania that we have out here.

Mrs. UNSOELD. A little bit of what?

Ms. OLSON. Blazer mania.

Mrs. UNSOELD. Oh.

Mr. REED. Blazer mania. I am told they played the Celtics.

Ms. OLSON. Oh, that. We will talk about that later.

I am Adele Olson. I am a high school counselor at Prairie High School in the Battleground School District.

I am pleased to be invited to testify to the hearing authorization committee this morning. I have been a high school counselor for 12 years. Prior to that, I taught in the primary grades for about 17 years.

I remember way back teaching the concept of regrouping, I used to call that borrowing and carrying when I learned math, to a class of third grade students. One boy was having a great deal of difficulty with the understanding. After some group lessons, he was repeatedly at my desk, never quite comprehending the concept. Finally, after many tries, he understood, and in a loud, satisfied voice, said, "Now, I understand this crap."

The class cheered his success, not considering his choice of words. The point I wanted to make by the story is that financial aid in its program and in its form is complicated when it is first introduced. One must go over the material many times to feel that it is understood.

As both Ann and Judy Billings said, that it is essential that we begin early working with students and parents about the opportunities to this need-based financial aid program.

As Senator Bell pointed out at the first hearing on reauthorization, this early intervention is important to minorities. I conclude that this early intervention is important to all students and parents, so that before these young people feel that they are not able to go to college and be able to afford it.

By the time students are in the eighth grade, they really have decided whether or not they can go to school, and, so, they need to really understand and understand early that this is an opportunity for them.

Let me suggest some ways I think this could be accomplished. I think this was brought out.

First of all, all educators, teachers, aides, administrators, and all support personnel at all levels, need to be familiar with the financial aid process.

Secondly, I would encourage the development of television spots, such as the military recruitment ads, to make parents and students aware of this program. I think a perfect time to air these little spots would be during Saturday morning cartoons. Simple, printed brochures in languages appropriate to the locale could be placed in

public places, such as public assistance offices and libraries, as well as private agencies that are frequented by large populations.

The financial aid form itself needs to be simplified. At the high school, we have parent financial aid meetings and work with individuals in completing the form. The assumption that parents always fill out this form is incorrect. We have more and more students that are living independently, and they are responsible for completing the form.

I was working with a student last week who is a teen mother living on her own, wanting to continue her education. She said she needed some help with the form. I showed her how to refer to the directions as she answered each question. She came back the next day, having done nothing with the form, saying, "I don't understand." We worked through the form together.

This illustrates to me how overwhelming the form can be. Too confusing to even try.

I suggest that you consider one form for the dependent student and one form for the independent student, thus making the document less confusing with the gray part, the green part, and the white part. You know, some of us fill out the gray and the green, the white or the green, and whichever part you fill out.

But transform toward the free form and the different processes with again different forms is overwhelming. We simply cannot muddy the water with different forms from different processes.

In an article in the *Journal of Student Financial Aid*, David Stockham, Director of Student Financial Aid at the University of Kentucky, argued that it is more crucial to simplify the form than to provide a free form. I agree 100 percent.

Students can pay for the processing or arrangements can be made to help pay for the processing, but we must have a form that is not a stumbling block for our students and the parents.

The third issue I would like to address is the need to reverse the trend toward more loans, more—the trend toward more loans and less grants. We cannot ask our young people to mortgage their future with huge grants.

As I work with students and parents, I strongly discourage loaning in the first year of college. A student may find that college is not right for them or they may interrupt their education for a period of time. They are then saddled with a loan repayment. Do not get me wrong. I do not believe in the free ride.

Students need to be responsible for helping to finance their education, but as a freshman, I would always encourage a student in to a work-study program with little or no loaning.

At the junior and senior year in college, a student is more likely to continue toward the degree without interruptions, and at that point, I am a little more comfortable with the loan.

I think there has been some mention of some other programs to help students get started in lesser financial ways earning credits, and I think the comment of the running start program which will be implemented here in Clarke County in 1992 is a good way for students to begin starting their education in a less financially-binding way.

The AP program that one person mentioned is another way the students before they are out of high school start accruing some col-

lege credits that is less costly. We have many students also that will attend our local community college while they are in high school or just before they go off to college and this again is another way of getting their credits, a few credits less expensive.

In conclusion, I would like to reinforce my three suggestions. First, we must start earlier and in a broader arena in making all people aware of the program.

Secondly, there should be just two financial aid forms. I would probably only work with one most of the time. One for the independent student, one for the dependent student.

And finally, it is important that we increase the grant aid and reduce the indebtedness that our students are incurring.

Thank you.

[The prepared statement of Adele Olson follows:]

Adele Olson
—High School Guidance Counselor—
HEARING ON REAUTHORIZATION OF THE HIGHER
Prairie High School

I am pleased to be invited to testify at the hearing on the reauthorization of the Higher Education Act.

I have been a high school counselor for twelve years. Prior to that I taught primary grades for 17 years. I remember teaching the concept of re-grouping (what we used to call borrowing and carrying) to a class of third graders. One boy was having a great deal of difficulty understanding. After group lessons he was at my desk repeatedly, never quite comprehending. Finally after many tries, he understood and in a loud, satisfied voice said, "Now I understand this crap." The class cheered his success, not considering his choice of words.

The point I want to make by the story is that financial aid in its program and in its form is complicated when it is first introduced. One must go over the material many times to feel that it is understood. That is why it is essential to begin early working with students and parents about the opportunities through the need-based financial aid program. As Senator Pell pointed out at the first hearing on reauthorization, early intervention is important for minorities. I contend that it is important for ALL students before young people have concluded they cannot afford college. Let me suggest some ways I think this could be accomplished. First, all educators, teachers, aides, administrators, and other support personnel at ALL levels, need to be familiar with financial aid. Secondly, I would encourage the development of television spots, such as military recruitment ads, to make parents and students aware of the program. I think a perfect time to air the spots would be during Saturday morning cartoons. Simple, printed brochures, in languages appropriate to the local, could be placed in public places such as public assistance offices and libraries, as well as private agencies that are frequented by large populations.

The financial aid forms need to be simplified. At the high school we have parent financial aid meetings and work with individuals in completing the form. The assumption that parents always fill out the form is incorrect. We have more and more students that are living independently and they are responsible for completing the form. I talked with a student last week who is a teen mother living on her own. She said she needed help with the form. I showed her how to refer to the directions as she answered each question. She returned the next day having done nothing with the form saying, "I don't understand." We worked through the form together. This illustrated to me how overwhelming the form can be -- to confusing to even try. I suggest that you consider one form for the dependent student and one for the independent student, thus making the document less confusing with the gray part, the green part, and the white part. The trend toward the free form and different processors with different forms is overwhelming. We simply cannot muddy the water with different forms from different processors. In an article in the Journal of Student Financial Aid, David Stockham, Director of Student Financial Aid at the University of Kentucky, argues that it is more crucial to simplify the form than to provide a free form. I agree 100%. Students can pay for the processing or arrangements can be made to help them pay, but we must have a form that is not a stumbling block for students and parents.

The third issue I would like to address is the need to reverse the trend toward more loans and less grants. We cannot ask our young people to mortgage their future with HUGE loans. As I work with students and parents I strongly discourage loaning in the first year of college. A student may find that college is not right for them or they may interrupt their education for a period of time. They are then saddled with a loan repayment. Do not get me wrong, I do NOT believe in a free ride; students need to be responsible for helping to finance their education.

But as a freshman, I would always prefer a student to be in a work-study program with little or no loan. At the junior and senior year in college, a student is more likely to continue toward the degree without interruptions. I am more comfortable with loans then.

In conclusion, I would like to reinforce my three suggestions. First, we must start earlier and in a broader arena in making all aware of the program. Secondly, there should be just two financial aid forms, one for independent and one for dependent students. And finally, it is important that we increase grant aid and reduce the indebtedness that students are incurring.

Mrs. UNSOELD. Thank you.

We heard from parents who were overcome with the difficulties that they see ahead of them for paying for college education for their children. Now, we are going to hear from some parents who are figuring out how to pay for their own education and have a particularly difficult task.

Angela, would you start out, please?

**STATEMENT OF ANGELA SLAUGHTER, STUDENT, VANCOUVER,
WASHINGTON**

Ms. SLAUGHTER. Sure. I am a single parent. I go to Clark College. I am also the associate student Clark College vice president of finance. That is helping to pay my way through college, but even with that, I have a really rough time of it because child care costs are just tremendous.

I get State need grants. I get Federal grants. I get supplementary grants, and I still find myself having to borrow in order to make it. It is just amazing the cost, and being that I am on assistance, public assistance, you have to pull teeth to get the information necessary for all the avenues that are available.

I am persistent enough to find those avenues. I know that there is low-income housing and there is energy assistance, and there is telephone assistance, and I use all of those. I have used WIC in the past, and I also know about the JOBS program, but it was implemented in September. By that time, I had already gotten the job I have now and was not able to use it because I make "too much money."

I am not used to being in this kind of position. So I am really uncomfortable, but I am going to kind of freeze.

Mrs. UNSOELD. You are doing just fine, and what you are doing for us is representing all those other single moms or single dads who are out there who are trying to put themselves in a position to enter the work force better prepared. You are doing just fine, Angela.

Ms. SLAUGHTER. Thank you.

I will be graduating June 14th from Clark College. I will have over a 120 credits with a 3.68 GPA, and I am transferring to PSU, so long as they do not pull the reciprocity program. That is a major concern of mine. I have stacks of letters in my office in case that threat once again arises because it was talked about the last couple of months.

I have made phone calls on legislation for the Higher Education and for different bills that are going through, that we would like to see those go through, and I will just leave it up to your questions from here.

[The prepared statement of Angela Slaughter follows:]

My name is Angela Dlaughter. I'm a single parent of a three year old daughter.

I did not graduate from high school and at age twenty, after leaving my boyfriend, I found out I was pregnant. I knew the father wouldn't want the baby but I also couldn't get an abortion nor carry it for nine months and give it up. So, I worked at a fast food job until I started having problems with the feelings in my hands from the pregnancy. I then applied for welfare. I never planned on being on the system for long. But it is like the fish just nibbling on the bait and then he is hooked.

Without a high school diploma I was unable to find a job for more than \$5.00 an hour. At this pay I would bring home \$540 after expenses. This is only an increase of \$40 compared to welfare, and on welfare I can be at home with my baby.

I started at Clark College when my daughter was only three months old, as I knew the only way off the system was through education. I received a Pell Grant for that quarter of \$570.00. My tuition and books were approximately \$323. This left me with \$247 to pay for my childcare for three months, or \$82 a month. This will not, especially with a baby, pay for childcare. My welfare grant was \$397. I paid rent and utilities of \$312. I received foodstamps of \$103. When I started school my foodstamps decreased to \$74. So, I had \$85 for gas, diapers, and anything else we might need, and \$74 for food. I am using or have used every opportunity, that I know of, available to me. W.I.C., low-income housing, telephone assistance, energy assistance, and FISH. Some of these took a long time to get on, up to a year-and-a-half.

The quarter was a rough one, as my daughter was not yet sleeping through the night. I was tired all the time but I still managed to pull a 4.0 G.P.A.

You see I'm not at school to socialize or to stay on welfare. I'm there to educate myself and get off welfare. I hate the stigma welfare has, we are treated as if we are not human beings. And going grocery shopping with foodstamps is embarrassing, as people in line inspect what you buy, as if you don't deserve certain items of food and should only buy bread, milk, and macaroni and cheese. I felt and still feel degraded, cheap, and unworthy. You see, welfare can destroy your self-esteem and your self-worth.

All I wanted to do was get off welfare. So, I heard about the International Air Academy and decided to interview with them. After the interview I decided that I could go there for ten weeks, graduate, and get a decent paying job. I went there and graduated, on the President's List. But unless you wanted to move to expensive locations throughout the U.S., finding full-time work was impossible. And the part-time work was on-call and with a baby that is impossible because childcare isn't open twenty-four hours a day on-call. I did find a job at a hotel in Portland as a reservationist and was offered the graveyard controller position. But, once again with a baby I could not do this. I would have to have her at the childcare all night and part of the next day so I could sleep, which would cost almost half of my pay. As the reservationist I was only making \$4.50 an hour, not enough. I quit after three months because I couldn't make it financially. I then went back to Clark College.

For this quarter at Clark I received a Fell Grant and a State Need Grant. My tuition costs and books were approximately \$432. This left me with \$600 to pay for my childcare for three months. This just pays for childcare, and that's only in an in-home licensed childcare. My welfare grant was \$326. I paid rent and utilities of \$300. I received foodstamps of \$103. When I started school my foodstamps decreased to \$66, this was because I had worked

two months ago. So, I had \$26 for gas, diapers, and anything else we might need and \$66 for food. The second and third month of this quarter my grant increased to \$397 and my foodstamps increased to \$110. I believe the maximum at this time for foodstamps was \$165 for two people. My financial aid, even though I didn't have any extra to live on, was affecting my foodstamps.

In July, my foodstamps increased to \$133, still not the maximum allowed for two people. I went to school summer quarter and took a full load. I received \$766 on a Pell Grant and a \$200 tuition waiver. My tuition and books were approximately \$430. This left me \$536 for childcare. My childcare for summer was less than spring quarter because summer quarter is shorter and only 2 1/2 days a week. I also decided to work part-time in order to make ends meet, as my daughter is continuously growing and needing clothes. I worked on campus as a computer lab aide, a work-study job. This too affected my income, even though I was told it wouldn't. In August I received only \$371 on my welfare grant and \$68 in foodstamps. Yes, but I brought in \$181 in gross pay. So, I lost in foodstamps, and from my welfare grant, leaving me with an actual increase of \$72. But, I also had to pay for an extra day of childcare a week because I had to work on the day I didn't have school. All of this for working 54 hours in one month. When you break it down, I received \$1.33 an hour, what an incentive.

I then decided, in order to make it, I would have to take out a GSL. This is borrowed money, not income. This too affects my foodstamps and welfare grant. Going to college with a baby, you need a car, and a car needs tires and brakes, and other maintenance occasionally, where would I come up with this? I had to do something. So I worked part-time, went to school full-time, and still I had to take out a GSL. The total I received for one quarter was \$1,917. This includes work-study, GSL, Pell Grant, State Need

Grant, and a supplemental grant. Tuition, books and supplies, childcare costs, clothes, gas, and automobile maintenance totals approximately \$1,660. Subtract this from \$1,917 and that leaves \$256 a month income plus \$354 welfare grant and \$96 in foodstamps. A grand total of \$536 a month for diapers, food, rent and utilities, shampoo, laundry & paper products, phone, car insurance, entertainment, and emergencies. This is with low income housing, energy assistance, and a CSL, otherwise I would never make it.

I will skip a year to bring you up to this quarter. I received \$1,330 from a Pell Grant, a State Need Grant, and a Stafford Loan. My expenses have not changed except that my childcare increased \$110 a quarter and my tuition increased as I am a student government officer. This brings my total quarterly expenses to \$1,470. I do receive \$347 a month pay minus the extra \$47 for quarterly expenses, or \$296. One problem, though, is that this is not a workably sum, so it has a bigger affect on my welfare grant. I should receive \$428 on my welfare grant and \$193 in foodstamps but because of my income I receive \$331 on my welfare grant and \$126 in foodstamps. So, I live on \$755 a month and I've just recently purchased a 1989 Dodge Omni at \$98 a month plus an increase in my insurance of \$30 a month. This is so I can afford to travel back and forth to F.S.U. next fall and because my car was totaled by a woman who ran a red light.

I do plan on using the JOBS program to help pay for my childcare, and I did try to in the past. Because of my student government position and my Stafford Loan, I made too much money to qualify. I would have been willing to terminate the loan but at ending up being too much of a mess to deal with.

When I graduate I will have approximately \$200 a month in student loans to pay back after four years of school. I'm not complaining about that, but I

am complaining about the fact that they count the student loan as income and take away some of my foodstamps to compensate for this.

The system does not encourage people on welfare to get off nor to get an education to make a decent life for themselves and their children. It seems to perpetuate staying on for life, as that is the easiest and least hassled way. I have to turn in a monthly report by the fifth of every month and even if I have it turned in on the first of the month, seventy-five percent of the time I get a discontinuse notice, saying that I have been terminated. Do you know what it feels like to think that you might not receive half of your income next month? It makes concentrating very difficult.

Mrs. UNSOELD. Okay. We will give you another shot at it. Thank you very, very much.

Now, we have a couple, Larry and Renee, who have had a lot of changes take place in your family situation, and what we need to think of as we are looking at educational opportunities for America is how it affects our families and how it affects our communities.

So I do not know how you are dividing up your testimony.

**STATEMENT OF RENEE LYNCH, STUDENT, HOQUIAM,
WASHINGTON**

Ms. LYNCH. I thank you for having us come here today.

I am not sure how—I have all these wonderful notes, but I know that I will skip around them probably and freeze up, too.

The one thing that I really want to reflect on that we have been dealing with for the last year and a half, we are a logging family, and when the decision for the spotted owl was made about a year ago this June, as a matter of fact June 23rd it will be a year, all of a sudden, everything that was safe and secure within our communities no longer became safe and secure, and a lot of changes took place that we did not want to accept.

Some of us were even a little protesty about the decisions that were going on. When there is a great change in a community or even within a family, especially when it affects a whole community, there is a lot of grief, and the grief that we acquired and was given was much that once we started studying it, it was found when the great earthquake happened in San Francisco, when Hurricane Hugo hit, but because there was no physical destruction, nobody recognized what the families in the timber communities were going through.

Well, once my husband and I made the decision that obviously it was not good to sit and argue the fact, the fact of the matter was the owl was endangered, that we needed to further our education, that is when everything really went crazy.

We had been saving a whole life insurance for when we retired for our kids' education, and all of a sudden, we were wiping it out in order to maintain mortgages. When we went to go fill out the wonderful form for the grants, I declared that we did not need to go to college, we had now mastered the form.

So we got that in and we got the notice back saying because of our income in 1989, we were ineligible. In 1989, our family was fine, our community was fine. That was hard because all of a sudden, you are concerned, okay, now we are ineligible because at what time were middle-class America, and now we are almost at poverty level, where is the money going to come from, and all that my husband explained was where it came from.

What I am concerned with is because we are a non-traditional student, people do not recognize the problems that happen when you are non-traditional. We have three children. We have a mortgage. We have medical insurances to maintain, and even with the Pell Grants, that is not enough.

We were a traditional family. When I say that, I mean such as, you know, June Cleaver. I stayed home, I went to PTA meetings, baked goodies, and my husband worked, and all of a sudden, it was

now I am going to earn money to support our family. Well, anybody who has ever had anything—any type of concept of timber industry, there is no way I can make what my husband made and our mortgage was set up for and our whole style of life was set up for.

In January, we found ourselves sitting in Bankruptcy Court. We managed to save our house. We managed to save our dignities somewhere along the line, but we are concerned about the future. We are concerned about his next 2 to 3 years of schooling. The job that I now have, I was very fortunate to get through one of our re-employment support centers, I was able to take typing tutoring, to take some computer programming, and I was able to obtain a job. The job that I have will only last a year. I do not know where we will be able to make a mortgage payment from there on.

And when I talk, I talk on behalf of all the timber communities that are caught in the crisis, that they do not know which end is up. They are running in denial and confusion, and when they finally get past the denial and realize that the thing they have to do is education, I want it to be available for those people so that they can go along and be a productive citizen once again and not living an existence of DSHS and food banks and day-to-day lives.

I would like to see them be able to give back to the communities and to our country if we are able to obtain educational means and supports while we are going to school.

Thank you.

[The prepared statement of Renee Lynch follows:]

Mr. and Mrs. Lynch
1216 Lincoln St.
Hoquiam, WA 98550

May 7, 1991

RE: Subcommittee on Postsecondary Education

Dear Honorable Committee Members:

We would first like to thank all of those on the committee, for giving us the opportunity to express our concerns for the structure of the current system, that now exists for our non-traditional students.

In the past year our family has undergone some major changes. With change also comes grief, then to top it off, once you realize you must make this change, you are burdened with the hoops, mazes, and confusion of a system that doesn't recognize you or your family.

If it could possibly help someone else, to not have to endure the humiliation or grief. We will explain as best we can the obstacles we have had to struggle with these past few months.

We have had the one security that we could give our children, taken away. The job that supported our family. Then the horrible day came that we sat in bankruptcy court, it was very humiliating to us. We had always been able to take care of our financial obligations.

From there the days ran into each other, we found ourselves struggling for college funding. We were deemed ineligible for a Pell Grant, based on the income for 1989. We were fine then, but 1991 was another story altogether. Tuition money was found, through the help of a financial aid counselor at Grays Harbor Community College. That did not help with books, let alone mortgage, medical, food, and medicines our daughter needed for an ear infection.

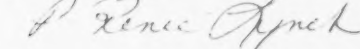
Then came the day we decided to apply for foodstamps, we thought that we should do this so we could continue our medical insurance. But, we were told this type of cost is not included into their calculations, fifty dollars was all we were given. But, I was assured that if our income dropped anymore to please come apply again.

One of the other problems that no one seems to understand is the effort it takes to even fill out a grant form; our concern is what if the person can not read well or can not understand government logic?

When you start back to school at age 37, and your wife has always been at home with the children it takes a toll on the family structure. No one seems to understand that at this time in your life you have obligations to financial institutions, children who need emotional as well as financial support.

Sincerely,

Mr. and Mrs. Larry Lynch

Mrs. UNSOELD. Thank you.
Larry?

STATEMENT OF LARRY LYNCH, STUDENT, HOQUIAM,
WASHINGTON

Mr. LYNCH. At this present time, I am in my first quarter at the community college, and for that, I worked 19 years in the woods.

People like myself, it may sound some kind of macho, but we take care of ourselves, not used to having to go to ask for help, and one of the main points I wanted to make was on that form, it has been covered three, four times, but I have a real simple, to me, simple explanation for it, is that you have got people making up the forms that have master's degrees and you have got people with high school educations reading them.

So people with high school education have to interpret master's degree words. Why not—why cannot these people with these degrees lower themselves to high school education and just fill it out in those terms, because the terms are baffling. I felt like I just got out of grade school, you know, and to me that seems quite simple, you know, but—you know, and everything else, all my other points have been covered.

So if anybody wants to ask any questions, I guess.

Mrs. UNSOELD. Would you like to start out?

Mr. REED. Thank you, Madam Chairman.

Larry, you were faced with an extraordinarily difficult choice, that is your employment was basically eliminated, you had to get a new line of work.

I assume that you need to get into this education to prepare yourself for a new career.

What is that career? What are you pointing towards right now?

Mr. LYNCH. Nursing.

Mr. REED. Nursing.

Mr. LYNCH. I felt that would be something where I would have not have it yanked out from underneath me again. I feel—

Mr. REED. And how long will you have to be in school now to get a—

Mr. LYNCH. With what I need to do with my prerequisites, almost 3 years. It is a 2 year associate degree, but my prerequisite, it will be taking almost—maybe a little over 3 years.

Mr. REED. And you anticipate right now that given the demand for nurses in this area and across the country, that you will probably, as soon as you are finished school, you will be right back in the work force?

Mr. LYNCH. I am hoping so.

Mr. REED. And, roughly speaking, what will be the differential between what you were making as a timber man versus in the nursing? Is that going to be a significant differential?

Mr. LYNCH. Yeah. I cannot think of the yearly wage, but about \$5 an hour, you know, as a—I think they are paying \$12 and something an hour at the hospital in Aberdeen, and I was making \$17 an hour.

Mr. REED. So but this—the education that you are encountering right now is a critical part of transitioning into a new permanent full-time career and back into the work force as quickly as possible.

So in that sense, this is really a work program for you, getting you into school and getting you into a new career, is that a fair way to assess it?

Mr. LYNCH. Yes, sir.

Mr. REED. Good. I want to commend you all for sticking to it in a very difficult time, and I hope before you know it, you will be nursing. I hope I will not be your patient because I want to stay out of the hospital myself, but I am sure you will do a great service to the people of the Northwest.

Mr. LYNCH. Thank you.

Mr. REED. Angela, I want to also commend you, as the Chairwoman did, for your statement and your composure and your eloquence describing your situation.

Similar question. You are now trying to really place yourself in the work force at a position that will allow you to support yourself and your child, and also to be, as they say, a contributing member of the economy and the community.

How long do you anticipate before you will finish your studies and be able to go into the work force, and what are you looking to do in the work force?

Ms. SLAUGHTER. I am planning on becoming a CPA, and I have 2 more years to go to obtain my Bachelor of Science business administration degree with the accounting background for the CPA license.

Mr. REED. And then you would go to work for a firm and spend several years?

Ms. SLAUGHTER. Yes.

Mr. REED. Good. You are doing extremely well. We are very pleased. Is there anything else you would like to tell us about your experiences that you would think would be helpful?

Ms. SLAUGHTER. Yes, I would. I really have something I would like to speak on, and that is being on public assistance and you are told that your work-study and your Pell Grants and your loans and all that will not affect your public assistance, and, yet, they do immensely. Your work study they say does not affect it all and, yet, it was taking over a \$100 a month away from me, and basically all the work study job was doing was helping supplement my child care expenses and such.

And they keep telling you, oh, it does not affect you, and I keep trying to show them, yes, it does, here is the paper work. I have a file about four inches thick that I keep with my transactions back and forth with DSHS and the college, and I have got all the documentation, but they keep telling me, no, it does not affect your grants and your food stamps and such and yet it does.

Mr. REED. Let me ask you a related question. Are there any programs that support the child care that you must pay? Is that covered in any special program?

Ms. SLAUGHTER. It is covered in your grants. It is real unclear. They just kind of put these numbers together so they add up to what your grants add up to. So one quarter it could be \$500, they allowed for your child care, and in another quarter, it could be

\$300, and my average child care cost is about \$650 a quarter. So it just depends on how much you award of that quarter for grants and what they show as applied for what your child should cost.

Mr. REED. Well, I want to commend you for the effort and again I think you will probably be the accountant for the hospital. Larry will be the nurse.

And Adele, just a couple of questions. You stressed the need for outreach, and you have an interesting perspective being in a high school, presumably.

Could you elaborate? Is there really a need to inform a great number of people about the financial aid? I know the mechanics make it difficult, but do most people have a sense that financial aid is out there and they come to you at least and look for it, or is there just a whole class of people who have no clue?

Ms. OLSON. I think one comment I would make would be about a student who is in the eighth grade, and they will be seeing, as I think somebody mentioned, the comment about—I heard about 90,000 for this school and 80,000—and you hear those figures all the time.

I am an eighth grader. I live in a family. My parents do not have money. Right away, I know that I will not be going to school. That is determined. That is just something that is in my being. Probably before I am in the eighth grade.

So if I would be—probably even eighth grade is too early because already—when that information about financial aid comes out, it is not for me, therefore I am not listening.

So a student needs to grow up with the idea that I can go to the military, I can go to college, I can do this, there is a way that the government will help me if there is a financial need.

I might comment on some parents that came into our office last week. These were parents that last year were in the six-figure numbers. This year, they are mortgaging their home. Last year, they did not have the need for financial aid, although we spoke to that at meetings. It was not something that was in their thinking process.

So when they came in last week, they really did not know what financial aid was because at that point—until then, there was no need for that sort of thing. That is why I do not think we can just speak to a small group of people in talking about financial help, but we need to speak to all students.

Mr. REED. I guess one message you would like to communicate is that not so much the specifics of financial aid, but just that there are opportunities—

Ms. OLSON. The opportunity.

Mr. REED. [continuing] to go to higher education.

Ms. OLSON. Yes.

Mr. REED. It might not be to go to the very expensive schools, but there are a whole range of schools that are great opportunities again and are financially affordable with Federal assistance. That is the message.

Ms. OLSON. And my basic concept with students is you may want to end up at a particular school, you may not get to go the way—your wish way, but if you wish to do it, there is a way to get there.

Mr. REED. Let me just follow up on that line of questioning with, as a counselor, are you seeing what other people referred to in previous testimony, that educational choices are being significantly affected by financial aid?

Again, going back to when I was thinking about going to college, about 20 plus years ago, my sense was that if I had gotten in to the school that somehow my parents would have found a way to get me through. What I am hearing today—by the way, I got into West Point on sort of a work study program for about 12 years, but I sense if I had gone to a civilian college, they would have found a way—my feeling is now that a lot of people are—even though they are talented, and they have the all of the qualifications, that they are not going to some schools they might want to or school at all because of the cost.

Is that a fair?

Ms. OLSON. I might speak to our family in particular. I, too, went to school. My parents were—my father is disabled. I was the only one in my family going to school, yet there was money for me to go to college, the public college.

Then, when my husband and I started school, I do not know if financial aid existed back in 1956. We went—I do not think it did because my husband and I worked our way through college, but we managed it. Our own children, when they were starting, we have two daughters, when they were starting college, it was, you may go to a 4 year public institution, we would like you to start at the 2 year—our local community college is marvelous, it does a great job of transitioning students like Angela. Started at the community college and then go to the 4 year. That was what our finances could handle.

My husband is also a teacher. I guess one little thing that always disturbed me was our daughters had the opportunity to go to a public 4 year college, yet I was also financing the opportunity for other students to choose to go to any college.

Mr. REED. Thank you very much.

Mrs. UNSOELD. Angela has submitted a detailed written statement, and that is available to anyone on request. It is really very, very good.

What made you decide to go to Clarke College?

Ms. SLAUGHTER. It was the local community college. I knew I could afford it. It was—I was not sure at the time that I would want to continue on to the 4 year institution or not. I did not think I could afford it, if I had the determination for it.

Once I got in, I started raising my self-esteem, I realized that that was the way I had to go. I have a lot of faculty and staff supporting me and they know I have the determination. I was just nominated for Wall Street Journal award, student achievement award, and, so, I just started there. I wanted to start small. I did not want to get myself in too far and not be able to pull out. So now I know I have the determination and the support of both family and others to make it. But it will be a struggle.

Mrs. UNSOELD. In your written testimony, you mentioned that you completed the program at International Air Academy.

Want to tell us something about that experience?

Ms. SLAUGHTER. Sure. They lead you to believe that there is work available and that there is local work available through them. They knew I was a single parent. They knew I would have to finance it, which I did. It cost about \$3,300 which I financed. Some through student loans and some through my parents. And once you get out of it, the best you can find is part-time on-call work which is absolutely impossible being a single parent. It would not even cover your child care costs.

So through them, I got a job at a hotel as a reservationist. I was offered a better position there, but it would have been nights. It was the night controller position, which then again I would have to pay for not only night child care but day child care so I could sleep, and then again I still could not afford that. The child care would have been almost half my pay.

So they lead you—I was real up front with them about my situation, and yet they still led me to believe that I could do something with that and get off of the welfare system, and I feel I was really cheated in that whole situation.

Mrs. UNSOELD. Well, Larry, what did you do as a timber worker?

Mr. LYNCH. What did I do? Hook tender.

Mrs. UNSOELD. I am sorry?

Mr. LYNCH. I was a hook tender.

Mrs. UNSOELD. I want to put in a plug for the kind of—

Mr. REED. For us folks from the East, what is a hook tender?

Mr. LYNCH. Well, basically, it's a boss that you have got an eight-man or nine-man crew, but you move the blocks and change loads. You move the lines, the cables that you use. Basically, you are the boss. It takes 5, 6, 7 years, to get to that position, to get the experience to do that.

Mrs. UNSOELD. I wanted to put in a plug for the—timber workers who may not have gotten all of the book education that some have, but the very technical skills, problem-solving, the dependence on safety, on people's lives, yourself or your partner's, the timber workers are marvelously independent and hard-working. They are just—it has been part of our Northwest tradition, and I share with you in the sorrow that it is not going to have exactly the same role in the future.

Tell me about what you see, Larry, as the particular problems for you coming from that background, what you were doing, and how do you see the education that you are hoping to get pointing into another type of job that uses similar skills to what you had or challenge you in the way that made your job in the timber industry as so important to you?

Mr. LYNCH. Well, I am not quite sure if this is the line you are talking about, but it is a whole different lifestyle, you know. I have—my wife always yells at me that I answer the phone too loud, I talk too loud, and I have been known to use adjectives that are not quite favorable, you know, and that type of thing.

My clothes. I mean I do not fit in normal clothes, and I cannot wear regular pants no more, you know, I make it through school, but once I get into the nursing class, I will not be able to wear them.

It is just a whole complete different lifestyle. I grew a beard because I am lazy, not because I think it is cute. Well, when I started

school, I shaved about, oh, probably about eight-nine inches off it, and I will not be able to wear a beard no more, you know.

I am just trying to point to that it is a whole complete different change of lifestyle, you know. I wear tee-shirts raw. I do not fit into clothes. That is why I wear the clothes I wear, you know, and I do not like stuff that, you know,—and it is just—my whole life is going to change, you know. Shoes, I know, I wear court boots. I do not like shoes, and it is just something that I have done all my—you know, through my whole life, and that is one of the main things.

Going to school. I am not used to sitting down. My neck hurts me all the time because I am sitting in class all day like this. For 19 years, I am used to moving around, you know, and, heck, I put on 15-20 pounds, you know, taking a fitness class up there because I am not used to sitting around all the time. It is just a whole complete change of lifestyle, and I will make it. Maybe that is where macho or tough is coming up again, but I mean I can do it. It is just—I know a lot of people that are trying to make—trying to drag it out, but I just think, you know, I can do it, I know I can do it.

Mrs. UNSOELD. And the job that you had before government action changed the timber industry and your community so drastically, it was a good-paying job, supported your family, you had your home, Renee, you mentioned through bankruptcy being able to just barely hang on to your home, but you had—you were working America.

Ms. LYNCH. That is probably the saddest part about it, was in trying to find logic and reason, we have two sons, and probably 5 years ago, we realized the timber would not be as it was, and we have told them for the last 5 years, you are going to college.

We have told our daughter, you are going to college. This is something that in our family is they have been doing it since my daughter was three, you are going to go to college, because we do not want them to be in the position that we are in and it is probably hard because my husband does not drink, he does not run around, he does not beat up his kids, he does not slap me, he does not do all these awful things they portray all the big, bad loggers to do, and we always paid our taxes, we always donated funds to the schools, and it was like we were just trampled on for being a good citizen in the United States.

I guess that is all I have to say.

Mrs. UNSOELD. Thank you for saying that.

Angela wrote in her conclusion of her written statement that the system does not encourage people on welfare to get off nor to get an education to make a decent life for themselves and their children, and you today have given certainly me, and I will bet Jack also, the resolve to go back and try to change that system so it does help you to help yourselves because clearly what you are demonstrating in your own attempts to make the system work and to do the best for your children as well as yourselves, it is an inspiration to us, and I thank you very, very much for coming today.

Ms. LYNCH. Thank you for having us.

Mrs. UNSOELD. The next panel. I am going to—this is the crunch time and the horrible time about these things. Congressman Reed

has to leave at 11. We might be able to stretch it to about 5 minutes after, 7 minutes after, but he is going to have to leave.

I would ask that each of you in this next panel try to hold your spoken remarks down—yeah, come on up, all of you. Marianna Deeken, Jewell Manspeaker, Judith Ramaley, Michael Moises, Harold Dengerink.

If you could look at your own watches—we need one more chair there? All right. And help us stick to a short testimony from each of you, so that Congressman Reed has a chance to ask you questions before he disappears into our rainy clouds.

I guess we will do you in the order that you appear on the list of panels. Marianna, will you be first, please?

STATEMENT OF MARIANNA DEEKEN, DIRECTOR OF FINANCIAL AID, ST. MARTIN'S COLLEGE, LACEY, WASHINGTON

Ms. DEEKEN. Thank you.

Good morning, Representative Reed, Representative Unsoeld.

My name is Marianna Deeken, and I am the Director of Financial Aid at St. Martin's College in Lacey, Washington.

I would like to thank you for this opportunity to share my views and recommendations for the reauthorization of the Higher Education Act.

As a practicing financial aid administrator, I can attest to the fact that the financial assistance provided by these Federal programs has made it possible for countless thousands of needy students to realize their dreams of a postsecondary education.

But I am also aware that the current system is in need of change. Although there are many issues I would like to address, I will use the few minutes allocated to me to focus on three areas of the greatest concern, and those are simplification, equity and balance.

First of all, I firmly believe that the current financial aid delivery system must be simplified. Simplification needs to begin with the application process itself.

Under the current process, a family whose only income comes from public assistance and who has absolutely no assets must complete a form which is designed for families with complex financial circumstances.

I believe that we can establish a set of criteria under which the family would automatically qualify for a maximum financial aid award if their only resource is public assistance. I must add, however, that in our desire to simplify the process for those families with obvious need, we must not lose the ability to determine the financial need of those students whose families do have resources available to help them with the cost of their education.

We must continue to subscribe to the belief that families have the first responsibility to provide for their children's education and to ensure that financial aid funds are directed to those who do not have adequate personal resources.

Another area which must be addressed in this discussion of simplification is the need to establish one needs analysis system which can equitably determine a student's need for all forms of Federal financial aid funds.

The current system, with its two methodologies, is unnecessary, costly and confusing. Financial aid administrators have been successfully administering the campus-based programs for years. To incorporate the Pell Grant methodology into the delivery of the other financial aid funds would make the entire system more efficient and effective.

Another benefit which would be realized from a single needs analysis methodology for all programs is that the process would become much less confusing to families. In the current delivery system, a family completes one application form but receives a separate notification from the Pell Grant processor regarding their eligibility for Pell Grant funds.

Unfortunately, if the letter indicates an ineligibility for a Pell Grant, many students and parents incorrectly assume that this is an indication of ineligibility for all forms of financial assistance. Oftentimes, this results in the student abandoning plans to attend a postsecondary institution all together.

Of great concern to financial aid administrators is the ability to determine financial aid in a fair and equitable manner for all applicants. Within the current needs analysis methodology, I would like to briefly address two issues which are of great concern. Home equity and the treatment of student earnings.

The inclusion of home equity in the formula to determine a family's contribution has been a hotly-debated one in the past several years and must be addressed during this current reauthorization.

There are some who feel that including the home equity of a family's principal residence is helping to squeeze the middle class out of the financial aid system. The problem has become very noticeable in parts of our own State with home values escalating at unprecedented rates.

I would strongly urge you to consider the college board's proposal for dealing with home equity rather than eliminating it from needs analysis all together. That proposal would cap the amount of home equity which is considered in the analysis at three times the family's income in order to protect the family against inflated housing values, which really do not increase their ability to contribute toward a postsecondary education.

That proposal would help all families and all income bands and would not benefit only those in the higher income ranges which complete elimination of home equity would surely do.

Home ownership is an indicator of financial strength and should be considered when we measure a family's ability to pay for college. However, some families have extraordinarily high contributions which are primarily from home equity.

For example, we have a student at my institution whose single mother earns \$12,000 a year. She owns a \$173,000 home and has \$144,000 in home equity. She would not be able to borrow against her equity to that level if she tried. The college board proposal would cap the amount of equity which would be considered at \$36,000 which is a much more reasonable level for her.

While this example may be extreme, I have seen other families whose income falls in the middle income ranges who have seen housing booms in their area and have had a parental contribution inflated to—due to home equity.

Mrs. UNSOELD. Could you summarize the rest of it?

Ms. DEEKEN. Sure. I briefly would like to take another look at student earnings. I believe that during the last reauthorization, we went to using a verifiable data element which was using the student base year earnings; in other words, the last calendar year.

I think this is totally unreasonable. Most students do not keep the same jobs, and I think we really need to look at the imbalance during grants—between grants and loans.

I am very, very concerned with the discussion of front-loading Pell Grants. I think that this would really force students from the lowest-income bands into 2 year programs and would make baccalaureate education available only to those students who really could afford it.

[The prepared statement of Marianna Deeken follows:]

My name is Marianna Deeken, and I am the Director of Financial Aid at Saint Martin's College in Lacey, Washington. Thank you for this opportunity to share my views and recommendations for the Reauthorization of the Higher Education Act. As a practicing Financial Aid Administrator, I can attest to the fact that the financial assistance provided by the Federal Financial Aid programs have made it possible for countless thousands of needy students to realize their dreams of a postsecondary education. I am also aware that the current system is in need of change. While there are many issues that I would like to address, I will use the few minutes allocated to me to focus on three areas of greatest concern: simplification, equity, and balance.

First of all, I firmly believe that the current financial aid delivery system must be simplified. Simplification needs to begin with the application process itself. Under the current process, a family whose only income comes from public assistance, and who has no assets, must complete a form which is designed for those families with complex financial situations. I believe that we can establish a set of criteria under which the family would automatically qualify for a maximum financial aid award if their only resource is public assistance. I must add, however, that in our desire to simplify the process for those families with obvious need, we must not lose the ability to determine the financial need of those students whose families do have resources available to help with the cost of their education. We must

continue to subscribe to the belief that families have the first responsibility to provide for their children's education, and to insure that financial aid funds are directed to those who do not have adequate personal resources.

Another area which must be addressed in the discussion of simplification is the need to establish one needs analysis system which can equitably determine a student's need for all forms of federal financial aid funds. The current system, with its two methodologies (one for Pell Grants and one for the other federal programs) is unnecessary, confusing, and costly. Financial Aid Administrators have been successfully administering the Campus Based Programs for years; to incorporate the Pell Grant methodology into the delivery of all financial aid funds would make the entire system more efficient and effective.

Another benefit which would be realized from a single needs analysis methodology for all programs is that the process would become less confusing to families. In the current delivery system, a family completes one application form, but receives a separate notification from the Pell Grant processor regarding their eligibility for Pell Grant funds. Unfortunately, if the letter indicates ineligibility for a Pell Grant, many times students and parents incorrectly assume that this is an indication of ineligibility for all forms of financial assistance. Many times this results in the student abandoning

plans to attend a postsecondary institution altogether.

Of great concern to Financial Aid Administrators is the ability to determine financial need in a fair and equitable manner for all applicants. Within the needs analysis methodology, I would like to address two issues which are of great concern: home equity and the treatment of student earnings.

The inclusion of home equity in the formula to determine a family contribution has been a hotly debated issue in the past several years, and one which must be addressed during this Reauthorization. There are some who feel that including the home equity of a family's principle residence is helping to squeeze the middle class out of the financial aid system. The problem has become very noticeable in parts of our own state, with home values escalating at unprecedented rates. I would strongly encourage you to consider the College Board's proposal for dealing with home equity, rather than eliminating it from consideration in needs analysis altogether. That proposal would cap the amount of home equity which is considered in the analysis at three times the family's income, in order to protect the family against the inflated housing values which really do not increase their ability to contribute towards a higher education. That proposal would help all families in all income bands, and would not benefit only those in the higher income ranges which a complete elimination of home equity would surely do. Home

ownership is an indicator of financial strength and should be considered when we measure a family's ability to pay for college. However, some families have extraordinarily high contributions which are primarily from home equity. For example, a student attends my institution whose single mother earns \$12,000 a year and owns a \$173,000 home with \$144,000 equity. She would not be able to borrow against her equity to that level if she tried. The College Board proposal would cap the amount of equity which would be considered at \$36,000, which is a more reasonable level. While this example may be extreme, I have seen other families whose income falls in the middle range who have seen a housing boom in their areas, and have had a parental contribution inflated due to home equity. But, those families who do own homes are financially stronger than those of a similar income level who do not. I would strongly urge you to continue to consider the home equity of a family as a measure of their financial strength. To eliminate home equity altogether would result in many more students becoming eligible for financial aid to the detriment, I fear, of those who are the neediest.

One other area of great concern with the current needs analysis methodology is in the calculation of the student's contribution. In an effort to use verifiable data elements, the current formula considers the income earned by the student in the prior calendar year when calculating a contribution for the next academic year. While these earnings may be verifiable, it is unrealistic to

assume that the student will be able to stay in the same job, continue to earn the same amount, or that s/he has any of those funds available for the next year; for many those earning were used for school expenses when earned. I would suggest that we return to the previous method of using summer earnings and anticipated school year earnings as a reasonable benchmark in assessing a student contribution.

Finally, I feel that we need to make significant strides during this Reauthorization toward correcting the current imbalance between grants and loans. While we cannot ignore federal budget constraints, the indebtedness of our average student is cause for great concern. For this current academic year, the average debt of a student on my campus is \$3955 per year. Multiplied over the five years it takes a typical student to earn an undergraduate degree, that translates to a total indebtedness of \$19,755. The students at my institution are also working at least half time; this is also true at most other campuses. If loans are to be reduced, and we assume that students cannot work more hours, then grants must be increased if we are to be able to meet a student's financial need. I would support Ann Daley's request for consideration for full funding for the State Student Incentive Grant (SSIG) program as one means to help provide additional grant funding for students.

A proposal which has received much discussion in recent months would significantly increase Pell Grants during a student's first

two years of postsecondary education, but would prohibit them from borrowing under the Stafford Loan Program until their third year of study. While this proposal would surely help to address the student loan default issue, I am deeply concerned about its social implications. I fear that those students from the lowest income groups (those who would benefit from the higher Pell Grant awards) would be unwilling to borrow the much higher loans which would be needed in order to complete the remaining three years of their undergraduate program in order to replace their lost grants. I believe that students who were aware that they could qualify for substantial grant aid for their first two years of study only would opt for a two year program. A baccalaureate education would then be limited to those with less financial need. This concept is truly contrary to our national goal of access to higher education for all those who are qualified, not merely those who have the personal means to meet the cost. If we really believe in the importance of an educated citizenry, the funding for federal grant programs must be increased to insure that all those individuals who are qualified to attend a postsecondary may do so.

Thank you for your time and attention to my thoughts and ideas. I would be happy to answer any questions you may have.

Mrs. UNSOELD. Jewell, would you be next, please?

STATEMENT OF JEWELL MANSPEAKER, PRESIDENT, GRAYS HARBOR COLLEGE, ABERDEEN, WASHINGTON

MS. MANSPEAKER. Representative Unsoeld, Representative Reed, members of the subcommittee, my name is Jewell Manspeaker. I serve as the president of Grays Harbor College in Aberdeen, Washington, which is a community college serving the southwest corner of Washington, and I am pleased to have an opportunity to speak to you today about the reauthorization of the Higher Education Act.

The first point I would like to make is that the Higher Education Act of 1965 has been instrumental for Grays Harbor College and for really all community colleges in Washington and Oregon, and I have worked in many in both states, in making higher education accessible to students for the last 25 years.

And of particular importance at Grays Harbor College are the financial aid programs associated with the Higher Education Act, and that is what we have heard most about today. In fact, I think perhaps all about today, and about which I will speak most.

However, before that, I would like to confirm the vital importance of many sections of the Act for community colleges and other higher education institutions and particularly for their students.

For instance, at Grays Harbor College, we have recently applied for a Title III grant which, if funded, will, we believe, really affect our ability to help students succeed, and our whole mission is helping students succeed, and I would like to confirm that by referring to a letter that Dr. Charles Mitchell from Seattle Central University sent to you, Representative Unsoeld, regarding Title III, and I really just want to join him and the American Association of Community and Junior Colleges and the Community College Coalition, in requesting that you look at the restrictions that are a part of Title III of the Act and consider lifting them so that colleges and Grays Harbor College is not one of them, but colleges that have already had grants through Title III do not have to sit out for 4 or 5 years once their grant is ended before they can reapply.

We feel that that at this point in time may be an imposition that would work against the very students we are trying to serve.

Now, the remainder of my talk will be about financial aid, and before I make the points I would like to make, I would like to just share with you how important it is to Grays Harbor College that financial aid programs exist, and you heard from Renee and Larry and the importance to them.

Twenty years ago, I looked up some data in 1970-71, Grays Harbor College from all sources, and it was primarily Federal but not all, we had about \$60,000 and with that \$60,000, we served nearly 200 students. Now, 10 years ago, 1980, we were over \$600,000—no, excuse me—it is \$300,000, \$371,000. So we had a significant increase in money available, again 85 percent of that was Federal, and we were serving something over 300, 330 students.

Well, last year, 10 years later, we were administering through a variety of different funds again mostly Federal about \$1.6 million and serving 919 students. This year, we believe we will have—we

will receive more than \$2 million of assistance of various kinds going to our students and serving about a thousand students.

Now, when you consider the Grays Harbor College serves about 1,100 full-time equivalent students and has for the last 20 years, you get some sense of the importance of financial aid at this point in time to the students attending our college.

And so, with that in mind, I would like to really reemphasize some points you have already heard, and the first one, and it is the first and foremost one, is that we enhance access to grant programs like Pell Grants.

Set in maximums, if at all possible, but please avoid the temptation to do so at the expense of needy middle-income students. In other words, if we increase maximums but do not increase the dollars available, we will exclude middle-income students and that is very unfortunate.

I would say that to make Pell Grants an entitlement is a most worthy goal. I understand the budgetary problems associated with that, but funding the program adequately, I believe, is a must.

The second point I would make is to consider approaches that de-emphasize loans to first-year students, and Judith Billings talked about that as Adele Olson did as well.

If we reduce—if we are to reduce the default rate of low-income students, we must find alternatives to large loans taken by students as they first enter college.

A third point I would make is certainly hold institutions accountable for high default rates and guaranteed student loan programs when the practices of those schools are factors in causing the program. However, I also ask you to recognize the other factors that are leading to high default rates and resist the urge to solve the problem by placing sanctions on institutions when in fact the fault cannot be found in the institutions themselves.

A fourth point that has been made by almost all of our presenters, Larry and Renee made it, Adele made it, Marianna made it, and that is simplify application forms. They have become longer and more complex than necessary, and you heard others talk about that.

A fifth point I would make is to reduce the amount of required regulatory compliance activities associated with student activity or student aid programs. It is estimated by a report I read that they have doubled over the past 15 years. My staff says that is extremely conservative, and I believe my staff.

And then, the sixth point I would make is to somehow recognize the differences between the segments of higher education and the students they serve. Develop standards and sanctions that are appropriate to these differences.

Presently, we often apply sanctions that go across the board and are not appropriate to all of the institutions that they affect, and, then, finally, I would just commend you for the longstanding support of Federal financial aid programs and plead with you to continue the national commitment to make postsecondary education accessible to all who can benefit from it.

Thank you.

[The prepared statement of Jewell Manspeaker follows:]

REAUTHORIZATION OF THE HIGHER EDUCATION ACT

Testimony Presented to
The Subcommittee on Postsecondary Education
Committee on Education and Labor
U.S. House of Representatives

Prepared by:
Jewell C. Manspeaker
President, Grays Harbor College
Aberdeen Washington

May 13, 1991

Representative Unsoeld and members of the Subcommittee on Postsecondary Education: my name is Jewell Manspeaker. I serve as president of Grays Harbor College which is a community college serving the southwest corner of Washington. I am pleased to have the opportunity to speak to you today regarding reauthorization of the Higher Education Act.

The Higher Education Act of 1965 and its amendments have been instrumental in allowing Grays Harbor College and, in fact, all community colleges in Washington and Oregon to extend access to postsecondary education for the people of our districts. Many programs made possible through the various sections of the Act are of great assistance to our students and our colleges. Of particular importance to the students of GHC has been the direct financial assistance provided to them through Federal Financial Aid programs and most of my comments will focus on issues related to financial aid.

First, however, I want to confirm the vital importance of all sections of the Act to community colleges and their students. For instance, GHC is presently an applicant for funding under Title III of the Act. If we receive this funding, we can greatly improve our capacities to help students succeed - student success is the primary mission of our school. I know the funds made available through this section of the act have proved crucial to the development of exceptional programs and services on many of our campuses. Dr. Charles Mitchell, president of Seattle Central Community College, has sent a letter to Representative Unsoeld regarding the importance of Title III funding to his college in meeting long-standing student problems regarding access, retention and success in higher education. Dr. Mitchell and I join with the American Association of Community and Junior Colleges and the Community College Coalition in requesting that restrictions imposed in Title III of the Act be lifted, so that recipients of development grants no longer must "sit out" of competition for four to five years after their initial grants end. The work we must do is too important to put on hold.

The remainder of my comments focus on financial aid programs. Increasing costs of education coupled with tough economic times in the timber and fishing communities that GHC serves have made financial aid programs absolutely essential to our students. To illustrate this point, let me summarize our college's involvement in financial aid programs over the last twenty years. In 1971, GHC used less than \$60,000 from a variety of sources - primarily federal - to provide financial assistance to nearly 200 students. Ten years later, the college administered \$371,163 in local, state and federal financial aid funds to serve 323 students. Last year we recorded expenditures of \$1,601,429 from all sources to serve 919 students. And, this year, I am told we will reach two million dollars and serve 1000 students. When one considers that our full-time enrollment has remained nearly constant at approximately 1100 students for the last twenty years, the growing significance of financial aid to Grays Harbor College students becomes very evident. Since the various programs of the Higher Education Act provide the backbone of this financial aid, I cannot overemphasize the impact this resource has on the lives of our students.

Financial Aid officers and others in higher education must work cooperatively with members of Congress and their staffs in drafting a new bill for the next twenty-five years, while keeping in mind what federal financial aid programs have accomplished in the past twenty-five years. I will leave specific and technical considerations to them and close my remarks with six more general suggestions:

1. First and foremost, enhance access to grant programs like Pell Grants. Set new maximums if at all possible. But, please, avoid the temptation to do so at the expense of needy middle-income students. To make Pell Grants an entitlement is a most worthy goal. Funding the program adequately is a must.
2. Consider approaches that de-emphasize loans to first-year students. If we are to reduce the default rate of low-income students, we must find alternatives to large loans taken by students as they first enter college.
3. Hold institutions accountable for high default rates in Guaranteed Student Loan programs when practices of the schools are factors in causing the problem. Recognize other factors that lead to high default rates and resist the urge to place sanctions on institutions that are not at fault for the subsequent actions of people who were once their students.
4. Simplify application forms. They have become longer and more complex than necessary.
5. Reduce the amount of required regulatory compliance activities associated with student aid programs. It is estimated they have doubled over the past fifteen years. My staff believes that is a low estimate.
6. Recognize differences between the segments of higher education and the students they serve. Develop standards and sanctions appropriate to these differences.

I commend Congress for its long-standing support of federal financial aid programs and I plead with you to continue this national commitment to make postsecondary education accessible to all who can benefit from it.

Mrs. UNSOELD. Thank you.
Dr. Ramaley?

STATEMENT OF JUDITH RAMALEY, PRESIDENT, PORTLAND
STATE UNIVERSITY, PORTLAND, OREGON

Ms. RAMALEY. I am Dr. Judith Ramaley, President of Portland State University, and also co-chair of the Coalition for Adult and Part-Time Students, CAPS, which is a national organization that is attempting to find support for part-time students.

Like my colleagues on this panel and previous panels, I will talk mostly about financial aid, but my other agenda is Title XI of the Higher Education Act, which is the urban grant university.

Portland State is an exact typical example of the profile of an urban grant institution. We serve 15,000 students, over half of them part-time, roughly 25 percent graduate, 85 percent of the students at Portland State come from this region, one of whom I have just met this morning, will be there next year, I hope, Angela Slaughter.

We are all sort of intertwined in this region, as you know, and the relationship of institutions to each other is a critically important part of the network of education and financial support is a very important piece of that.

The Portland State student body is different from the traditional model. Sixty percent of our students are financially independent. Their average age is 29 years. Forty percent have transferred to us from another institution, usually a community college. Most have families of their own and are engaged in child care while going to school. Most are working while they are in school.

They have different problems, different needs for financial support, and they graduate with higher debt loads than the typical traditional undergraduate.

We have two case studies in my written testimony, but I do not need to give them to you because the case of Mary is Angela Slaughter, even though I did not know her at the time, and the case of Bill is Renee and Larry Lynch, although I did not know them at the time, and, so, rather than bore you with the details, you have met them already, and we have many more exactly like them, and it is much more fun to meet the real people.

We are able to serve roughly 97 percent of the financial needs of our traditional students but only about two-thirds of the needs of our non-traditional students. Part of that is because their needs are greater and part of it is because the Federal grant programs are still built on the assumptions of the more traditional student.

Yet, our mission is to serve these adult students as well as traditional students equitably and fairly. We did a survey last year of 280 of our student parents who applied for financial aid, and we found that they are graduating with an average debt load which is twice the national average. It is \$8,766. Forty-two percent of them have indebtedness of over \$10,000 to repay. These are people who also have child care needs, who are trying to establish their careers.

The group was doing very well academically, almost exactly in fact what Angela Slaughter presented. Their average GPA is 3.4.

Approximately a third of them have difficulty paying for child care. Most feel an extremely high level of stress in balancing school with family. School work, child care. Their median income was \$11,000. The fathers reported more income than the mothers because more of the fathers had working spouses.

Now, this fits the national profile, and, so, we illustrate for you what you are going to hear all across the country. From 1970 to 1985, students 25 years of age or older have increased from 28 percent of the people in higher ed to 42 percent, and by 1992, they will become the majority, the so-called new majority, and in fact by that year, 20 percent of the students in higher ed will be over the age of 35 with increasingly complex needs for support.

In 1990, we also crossed the halfway point in higher education for part-time students. Now, in this country, 80 percent of our students do not live on campus. They are commuters and half of them are part-time and half of them are over the age of 25.

So the profile of the people you have been serving through Title IV has changed remarkably in the past 15 years and yet our financial system is still built on that profile, the traditional full-time dependent student, and what is important to know is that these students that we are now talking about, that you have met this morning, that all of us I think will describe, will end up with more than twice the national average of debt.

For every dollar that they receive in financial aid, however, they will give back \$4.30 in Federal taxes. So they are a good bet and we need to invest in them.

The concern that we have is that the student financial assistance which has become dominated by loans is differentially impacting these students. You know the numbers. In 1981, the typical financial aid package was 35 percent grants, 46 percent loans and then other stuff to fill out the gap.

Last year, it was 30 percent grants and 53 percent loans carried extraordinarily by our students. We have increased our scholarship support fourfold at Portland State to try to cover this, but a school like Portland State, whose graduates are just acquiring positions of responsibility, fairly young school, simply does not have the capacity to attract private support to supplement the scholarship support available from Federal sources.

Our recommendations specifically are that you increase grant funding and raise the maximum award to \$4,000; that you provide an annual cost of living adjustment in the maximum award; that like others who have said to you that you simplify the formula for eligibility and that you make it easier to fill out the forms; that you provide more flexible repayment plans for loans.

We also agree with the American Council on Education that you should permit institutions to shift funds amongst loan categories and grant categories so that we can serve the needs of our particular student body. At the moment, it is a 15 percent shift, we would like 25 percent shift, and, finally, we would like to seek authority for the State student incentive grants to offer matching for states that want to work with at-risk students.

A point that has been made indirectly this morning but I think needs to be made directly as well is that people are throughout the land not believing they can go to college and families like the

Lynches are saying to their children, you will go to college, but there are many other families that are not and they are being displaced and they do not have any sense of where they can go.

So a place like Portland State has been putting a lot of incentive programs in that attract young people, encourage them to consider going to college, and then try to help them with both the financial and social support needed for them to continue.

So we urge that you think of that as part of the higher education legislation and help us help these people.

My final point is the need for funding for Title XI. How could I resist the chance to say that to you when I am sitting here? It is very important to realize that over half the people in this country now live in metropolitan areas. There are about 40 of these institutions. They require and need your support because we are the institution of choice for transfer, for undergraduate and graduate professional programs and for access to the educated work force.

We are working in this area particularly on reciprocity, on trying to maintain that in the face of the problems in Oregon. If Angela is still here, we—I think we will be able to keep it. We are working on a regional approach. We have been working very closely with Vancouver, with Clarke College. We are doing everything we know to create a community of educational institutions, and we appreciate your support, your encouragement and your contributions that both of you have made. Thank you.

[The prepared statement of Judith Ramaley follows:]

STATEMENT

to the

SUBCOMMITTEE ON POSTSECONDARY EDUCATION
COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES

May 13, 1991

by

Judith A. Ramaley, President
Portland State University

Representative Unsoeld and Representative Reed, I am Judith A. Ramaley, President of Portland State University. I appreciate this opportunity to testify at the Subcommittee's hearings on the reauthorization of the Higher Education Act.

Portland State University (PSU) is a major urban university with 15,000 students, half of which are parttime. Approximately 25 percent are working on graduate degrees. They are served by a faculty and staff of 1,500. PSU is a major provider of higher education for Oregon and Washington residents. Approximately 850 Washington residents are enrolled at PSU. Of these 279 participate in a reciprocity program that allows Washington residents to pay the same tuition as Oregon students.

I am also appearing on behalf of the Coalition for Adult and Parttime Students (CAPS) of which I am a co-chair. CAPS is a coalition of educators supporting financial aid for adult and parttime students in higher education.

Portland State University is among the institutions of higher education serving a high percentage of nontraditional students. If we look at the students who apply for financial aid, only 40 percent fit the traditional model. These students average 19 years of age and go to school full time. They have some financial support from their parents and a high percentage will graduate in four years.

The other 60 percent are quite different. They cannot rely on parental financial support. They are older, with the average age being over 29 years, and many attend less than full time.

Because their circumstances are different, the financial needs of the nontraditional students are different and often greater than the traditional student. Nearly 10 percent of PSU's nontraditional student applicants for financial aid have dependent children that require child care. Within this group, half are single parents. During the 1990-91 academic year \$643 thousand in student aid was earmarked for child care.

Contrary to what some expect, students who must work while pursuing their education may need more, not less, assistance. They often have family obligations and other expenses that require more assistance than the traditional student. By extending the time to obtain their degrees beyond the usual four years, these students require financial aid over a longer period of time. As a consequence of their greater need, there is a significant gap between what aid we are able to give them and how much is needed.

While we are able to meet approximately 97 percent of the financial needs of the traditional dependent student, we are able to meet only about two thirds of the financial needs of the nontraditional student. These students are compelled to make up the difference from non-subsidized loan programs whose repayment and interest terms are not as attractive as the need based programs. This is especially true of the parttime students who may be taking too few courses to qualify for federal financial aid. One of the CAPS goals is to remove the restrictions on aid to these students.

Reliance on loans is a serious concern for educators. While we presume that an education has economic worth, and most people with a university education will be able to repay their loans, we are awarding our graduates a very large debt burden along with their degrees.

Unfortunately, the situation is not getting better. In 1981-82 almost 35 percent of the financial aid package for a PSU student would be in the form of grants and 46 percent would be in loans. Nine years later the grant portion of the package dropped to 30 percent and the loan portion rose to more than half (53%).

We have tried to offset the rising costs of tuition by tripling the value of our scholarships and tuition waivers. While we offered \$400 thousand in scholarships in 1981-82, this year we are offering \$1.7 million. Still, it is not enough.

To illustrate the problems of the nontraditional students, let us look at two case studies.

► Bill is a 28 year old sophomore working on his first undergraduate degree in the field of Administration of Justice. In 1988 he was working forty hours a week in the corrections department earning an annual salary of \$15,000. Bill entered Portland State during the fall term of the 1989-90 academic year, but did not qualify for financial aid because of his income. Unable to to both work and attend school full time, Bill could only take a few courses each term. After the first year he realized that it would take him eight years to complete his degree at the present rate. He then decided to quit his full time job and accept parttime employment while pursuing his degree full time. When Bill applied for financial aid for the 1990-91 academic year, he was once again denied because his eligibility was based upon his 1989 income, which was \$16,500. Due to the fact that he had left full time employment, he was determined eligible for aid under the Special Condition provision with the regulations. In place of his 1989 income, his estimated 1990 income was used in determining his eligibility. Unfortunately, he had six months of earnings as a full time employee and six months of earnings

as a parttime employee during that year. Therefore, the only thing he could qualify for were federal loans. He has now applied for aid for the 1991-92 academic year and will qualify for grants and loans if his estimated 1991 income is used rather than his 1990 income. This kind of transition from full time employee to full time student is often a difficult one and requires the student to assume more debt burden than is typical of the traditional student.

Mary is a single 35 year old mother with three children ages 14, 6, and 4. She is a senior who anticipates completing her first undergraduate degree in December. She works parttime and earns approximately \$2,000 per year. She also receives \$520 per month in child support from her ex-husband. She is attending PSU on a full time basis during the summer as well as the academic year. Her total cost of attendance is \$16,052, which covers tuition and fees, books and supplies, room and board, transportation and \$440 per month in child care. From her parttime job and her child support the federal government calculates that she should be able to contribute \$171 toward her direct educational expenses.

She has been awarded \$12,899 in financial aid for the current academic year leaving her with an unmet need of \$2,982 (\$16,052 - \$171 - \$12,899 = \$2,982). Her aid consists of \$3,964 in federal and state grants, \$6,875 in federal loans, a \$125 scholarship and \$1,935 from an experimental State of Oregon child care program which is not scheduled for renewal.

When Mary graduates in December, she will have a total educational debt in excess of \$19,000.

The PSU experience is not unique. A Department of Education study disclosed that the proportion of college graduates with debt burdens increased from one-third to one-half between 1977 and 1986, and the median amount of debt more than doubled from \$2,000 to \$4,800.

While we in higher education may get frustrated that the Higher Education Act does not provide sufficient funds or that the programs do not always correspond to the needs of our students, we are all grateful for the help that we receive. Federal aid accounts for 70 percent of the total \$28 billion in grants, loans and work supplied from federal state and institutional sources. Five out of every six students assisted receive aid from federal programs. Without this aid many could not continue their educations.

We also recognize that the Congress appreciates our needs and has tried to respond. The appropriations for Pell Grants more than

doubled between FY 1979 and FY 1991 - from \$2.4 billion to more than \$5 billion. Unfortunately, this increase has been insufficient for the maximum award to keep pace with inflation. While it increased from \$1,800 to \$2,400 between FY 1979 and FY 1991, it declined as a percentage of average college costs from 46 percent to 25 percent.

Pressure to reduce the deficit has meant that there has been no increase in the maximum Pell Grant award for seven out of twelve years.

It is obvious that despite abundant good intentions in the Congress and the Department of Education, the Higher Education Act does not have the resources to meet the need.

From our perspective, the greatest need lies in increasing the grant funding and reducing dependence on loans, particularly the non-subsidized loans. A \$4,000 maximum has been suggested and that amount seems reasonable. However, the goal of increasing reliance on grants and reducing it on loans is substantially undercut when the grant maximum remains unchanged for years at a time. A simplified and liberalized formula for Pell grant eligibility and some type of automatic cost of living increase would be very helpful.

Loans are a reasonable and necessary element of any financial aid package. However, to the extent that loans are necessary, more flexible repayment plans are needed.

One of the major goals of the educational grants was to make it possible for low-income students to attend college. However, we are finding that these at-risk students are not as well prepared for academic study as the higher income students. Only 40 percent of low income students complete a bachelor's degree within six years, compared to 60 percent of the more affluent students. This disappointing statistic illustrates the need for cooperative efforts between higher education and elementary and secondary education. We must do a better job of preparing secondary school students for higher education.

PSU operates two very successful programs to accomplish this objective. One is called MESA (Mathematics, Engineering and Science Achievement). In this program the University works with local schools to encourage science, math and engineering among low income and minority children. The Portland MESA programs works with 400 children in 13 different schools. Thirty of thirty-five graduates of the program have gone on to college or university programs.

The second is the Portland Teacher Program. This program identifies and encourages minority students to pursue careers in teaching. We work with the middle schools and secondary schools

in Portland to develop the students' interests. We then provide special encouragement for them in secondary school and financial aid when they reach college. For those who ultimately become teachers, we help them find jobs in the Portland area.

Federal support for these types of programs would contribute to future success of these students. We also solicit your support for the proposed new authority for State Student Incentive Grants (SSIG) to offer matching funds for states to establish or expand early intervention programs for at-risk students.

Administrative rules governing financial aid should be modified to take into account the needs of the growing number of nontraditional students and institutions of higher education should be given maximum flexibility in transferring funds among campus-based programs. The American Council on Education has urged authorization for campuses to increase from 15 percent to 25 percent of SEOG, CWS and Perkins funds that they may transfer among the programs. This authorization would allow campuses to compensate for the differences among the needs of students. While the student population of the average campus consists of 60 percent traditional students and 40 percent nontraditional, PSU's student population is almost the exact opposite. Obviously, our financial aid packages will look different from the universities with more traditional student populations. It would help us to have greater flexibility in fashioning the aid packages.

As the President of a major urban university, I cannot allow an appearance before this Subcommittee to pass without soliciting your support for Title XI of the Higher Education Act. The urban grant concept contained in Title XI recognizes the growing importance of American cities and their universities. I have devoted a great deal of my time to the task of integrating PSU into its urban setting. There is much a university can do to improve the quality of life and the economic growth of an urban area. Like our land grant predecessors who helped build the rural economy and quality of life, we can do the same for the cities. The reauthorization and funding of Title XI would allow us to develop some model programs that would have widespread application.

As the President of a major university in a bi-state urban area, I want to emphasize the value that I place on cooperative programs not just in the Oregon portion of this metropolitan area, but in the Washington portion as well. I have already alluded to the reciprocity agreement between our states. I hope that it can be renewed. We are already engaged in a number of cooperative programs with WSU and the Washington community colleges. Our provost sits on one of the WSU advisory committees and the Clark County community colleges serve on our PSU/Community College Liaison Committee. Although our resources for new programs has been seriously constrained by the tax

reduction measure approved by the Oregon voters last year, I have fought hard for some state funding to begin some of these outreach programs. I remain optimistic that our legislature will see the value of what we might do together. Finally, I urge this Subcommittee to support federal programs and funding to help us expand the cooperative programs among institutions of higher education. The Governor's Commission that looked at higher education in the Portland area concluded that in a time of limited resources, cooperative and collaborative programs offered a cost effective means of improving the quality and reach of higher education.

I do not envy Members of Congress the difficult choices they must make. I realize there are more needs than resources. Nevertheless, I urge you to consider aid to higher education as an investment that will pay economic and social benefits into the next century. We are training the workforce, the entrepreneurs and the professionals of the next generation. If we are to be competitive in the international markets, have a thriving domestic economy and an informed electorate, we have to invest in the development of our human resources.

Thank you for this opportunity to appear in support of the reauthorization of the Higher Education Act.

Mrs. UNSOELD. Thank you.
Michael?

**STATEMENT OF MICHAEL MOISES, PRESIDENT, TREND
COLLEGES, VANCOUVER, WASHINGTON**

Mr. MOISES. Thank you.

My name is Michael Moises, and I am appearing before you today in a variety of capacities, as the President of Trend Colleges, the largest collection of private vocational schools in the Pacific Northwest, with campuses dating back to 1907, as the President of the Washington Federation of Private Vocational Schools, an industry body that works very closely with the Washington State Board for Vocational Education in meeting the needs of the more than 34,000 students who are currently attending private career schools, and as a member of the board of directors of the Association of Independent Colleges and Schools, an accrediting body that accredits schools such as mine.

Most importantly, I appear before you today as a career educator, having spent considerable years as a high school teacher in Portland before embarking on my career in private education.

The reauthorization of the Higher Education Act, I believe, will largely determine the educational future of our Nation, and meeting this challenge will largely determine whether the United States falters or thrives in the economic marketplace of the 1990s and into the year 2000.

The reauthorization of the Higher Education Act is about quality education and, most importantly, providing equal access and educational choice for students who come from a variety of socio-economic backgrounds.

Currently, private career schools provide half of the Nation's technically-skilled workers. Three out of four jobs now require technical skills. By the year 1995, according to the Bureau of Labor Statistics, 70 percent of all jobs will require postsecondary education but only 20 percent will require a baccalaureate degree.

It is interesting to note that as private career schools throughout the Nation, we are seeing an increasing number of students who come to us possessing a BA but who lack competitive skills to find a J-O-B. Sixty-one percent of private career school students graduate. Those graduation rates compare favorably to those graduation rates in the public sector.

Through the reauthorization of the Higher Education Act, access to postsecondary education will be guaranteed to students who face severe economic challenges, comprise a large minority population or who have already had less than successful experiences in traditional education.

Unfortunately, education is about money and about the national deficit. Private career school students do save taxpayer money and schools such as mine do pay taxes.

I am proud to report that 80 percent of our graduates obtain training-related employment shortly after completing their course of study. Through the efforts of Congress, I have to agree with all the rest of the speakers. We must guarantee that there are no

short-sighted cuts to Pell Grants, and that we clarify the imbalance currently created between loans and grants.

Our sector of education has been blamed for fraud and abuse within the student loan program contributing to the high default rate, but the reality of the situation really is that when one student succeeds, whether in the private sector or in the public sector, they cover 65 student defaults. That is not to say that our industry condones defaults. Quite the contrary.

We have taken extraordinary steps to remove schools who are not serving the interests of students. We fully disclose our graduation rates to our students so that we can better educate the consumer. It is all about something called accountability in education.

As an educator, I wonder where we would be educationally as a Nation if all of my counterparts in education were fully accountable for their success.

In summation, let me say that I have to agree that the decisions you face concerning reauthorization will demonstrate once and for all to our Nation that education is our highest priority, that all students regardless of economic or educational background will have freedom of choice when they decide where to go to school, be it public or private, profit or non-profit, and that once they have made that all-important determination, as a Nation, we will guarantee that there is sufficient grants and loans to help them to finance their education.

There is a favorite saying of mine that hangs in my office wall that I moved from high school teaching career into my public-private career, simply states that "the heart of education is the education of the heart," and that is what your decisions are all about.

Thank you.

[The prepared statement of Michael Moises follows:]



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TESTIMONY OF

MICHAEL G. MOISES

PRESIDENT, TREND COLLEGES, INC.

PRESIDENT, WASHINGTON FEDERATION OF PRIVATE VOCATIONAL SCHOOLS

CONGRESSWOMAN JOLENE UNSOELD

HEARING ON REAUTHORIZATION OF
THE HIGHER EDUCATION ACT

VANCOUVER, WASHINGTON

MAY 13, 1991

Good morning Congresswoman Unsoeld. I appreciate the opportunity to appear before you today to discuss the Reauthorization of the Higher Education Act and its impact on students. My name is MICHAEL MOISES and I appear before you in a variety of capacities -- as the President of TREND COLLEGES, the largest collection of private career schools in the Pacific Northwest, dating back to 1907. As the President of the WASHINGTON FEDERATION OF PRIVATE VOCATIONAL SCHOOLS, an industry association that works closely with the Washington State Board for Vocational Education in serving the needs of the more than 34,000 students currently enrolled in private career education in our state -- and -- as a Board Member of the ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS, a body recognized by the Department of Education that grants accreditation to schools such as mine. But, most importantly, I speak to you as a career educator, who has served education in both the public as well as the private sector.

The Reauthorization of the Higher Education Act will largely determine the "educational future" of our nation. The decisions that you and members of Congress will make, in relation to this act, will determine whether our nation can meet international competitiveness and the rapid technological change that makes educating a more skilled workforce vital to our economic success as a nation! Meeting this challenge will largely determine whether the United States falters or thrives in the economic marketplace of the 90's and the year 2,000.

2-2-2

With America's elementary and secondary education in crisis, private career schools are playing an increasingly important role in developing the labor pool our society needs to remain competitive in a united Europe and a financially powerful Asia.

The Reauthorization of the Higher Education Act is about "quality education," and most importantly, providing equal access and educational choice for students from a variety of socio-economic backgrounds. Currently, schools such as Trend College provide half of the nation's technically skilled workers. Three out of four jobs now require technical skills. And, by 1995, according to the Bureau of Labor Statistics 70% of all jobs will require post-secondary education -- but -- only 20% will require a traditional college degree. It's interesting to note that at private career schools, such as Trend College, we are seeing an ever increasing number of students who come to us with a B.A., but, lack the competitive skills to find a J-O-B. Private career skills are success oriented, we have to be. We are only as successful as our graduates. 61% of private career school students graduate compared to lower graduation rates at community colleges, traditional four-year colleges, or the 33% completion rate for Job Corps.

Through the Reauthorization of the Higher Education Act, access to our schools will be guaranteed to students who face severe economic challenges, comprise a large minority population, or have already had less than successful experiences in traditional education settings.

3-3-3

Unfortunately, education is about money and the national budget deficit. Private career schools SAVE taxpayer's money -- about \$3,000 per student. Not to mention that schools like mine pay taxes. And, because of our success our students enter the job market sooner, pay taxes sooner, and yes, begin to repay their student loans. I'm proud to report that 80% of our graduates obtain training related employment shortly after completing their course of study.

Through the efforts of Congress we must help all Americans become productive workers through education. Any short-sighted cuts in Pell Grants and other entitlement programs will make it difficult, if not impossible, for students to get the training they so desperately need. More than ever, through reauthorization, we need to bolster support for job training in post-secondary education and reduce the brutal imbalance between loans and grants that has forced our most neediest students to rely upon loans to finance education. In 1980 grants made up 40% of a typical student aid package, with loans making up the balance. Today, grants only make up 28% of a typical package.

Our sector of education has been blamed for fraud and abuse within the student loan program contributing to high default rates. But, the reality of the situation is that when just one student succeeds, his long term contribution to the nation's economy covers 65 loan defaults. That's not to say that we condone defaults -- quite the contrary. We have taken, as an industry, extraordinary steps to remove schools who abuse the

4-4-4

system and are not serving the interests of students. We fully disclose our success rates to help educate the consumer when it comes to choosing a school for career training. And, through our Default Management Initiative, the first of its kind in education, we've helped school personnel and students learn about how to avoid loan defaults, their consequences, and how to track student performance of loan repayments. It's all about something called ACCOUNTABILITY in education. I wonder where we would be, as a nation, if all sectors of education were held accountable for their record of student success?

In summation the decisions you face concerning reauthorization will provide the opportunity to demonstrate to the citizens of our nation that education is our nation's highest priority. That all students, regardless of economic or educational background, will have the freedom of choice in determining the school, public or private -- profit or non-profit -- they wish to attend. And, that once that determination has been made, there will be sufficient grant and loan programs available to finance that education.

There is a favorite saying that hangs on my office wall. It states that "The heart of education is the education of the heart." That's what the Reauthorization of the Higher Education Act is all about!

Thank you and I'll be happy to answer any questions you might have.

Mrs. UNSOELD. Thank you.

**STATEMENT OF DR. HAROLD DINGERINK, DEAN, WASHINGTON
STATE UNIVERSITY, VANCOUVER, WASHINGTON**

Mr. DINGERINK. Good morning, Representative Unsoeld.

I am Hal Dengerink. I am Dean for the WSU Vancouver branch campus.

I, too, was a student a long time ago. In 1965, I graduated from college with no debt, having paid my way through without the support of my parents.

It is apparent that today it is impossible for many people to do that and given the level of minimum wage and the cost of higher education.

Before I talk about our specific situation here, let me point out that what we are really talking about here is not simply financial aid, we are talking about the Higher Education Act which is a means to an end, and that end involves our way of life, our entire culture in this country, which is changing, and the relationship between education and that culture is decidedly changing as well.

Ours is a branch campus of Washington State University. It is one of five new branch campuses that were recently established in the State of Washington to provide upper division and graduate education to potential students in under-served areas of the State.

Note the emphasis upon upper division and graduate education. Participation rates in the State of Washington at the baccalaureate and graduate level have fallen behind. At the associate level, they have not.

At least the initial target for the branch campuses is the population of place-bound students who cannot relocate to other portions of the State to pursue a college career on a full-time basis. Our restriction to the upper division and graduate level directs our efforts toward community college transfer students and it forces us to respond to the changing character of students and to facilitate that changing relationship between education and other elements of our society.

For the kind of student that we are attempting to provide education, I want to point out that a debt accumulated while attending college is not the same kind of debt that would be faced by somebody who is, say, 22 years old just completing college.

Trying to amortize the debt with half of the working life span left is something different than trying to do it with a longer time period left. That is, accumulating debt, forcing it into the last 2 years, that is front-loading of grants, the back-loading of debt, is something that would run directly counter to the kind of thing that the State of Washington is attempting to do; that is, to increase the completion rate at the baccalaureate and graduate level.

One of the things that you folks have been paying attention to is the need for day care for older returning students. We have noticed a distinct pattern among our students to return to college after their children have entered the public school system. Essentially, they are using the K-12 system as their day care. That does several things.

One, it forces them to delay their education until their children are in school, and it provides a number of scheduling difficulties and financial difficulties that greater flexibility in child care would otherwise provide.

In closing, let me talk about one student who graduated from our campus yesterday, Mother's Day. She is a mother, a Native American student. She has children, the youngest of whom is currently in Head Start. She has older children who are teenagers. She made the effort to go back to school as an adult, as a parent.

There is more happening here in this family than simply one student completing college. For many of the students whom we are attempting to target, in this case Native American students, that mother going back to school, completing her education as an adult, provides an important kind of role model.

If we were to not have financial aid available for that kind of student, if we were to back-load the debt into the later years, we would very likely have a student who had not completed, who would not provide that kind of role model for her own children.

Thank you.

[The prepared statement of Dr. Harold Dengerink follows:]

Subcommittee on Postsecondary Education

Testimony by Harold A. Dengerink

Campus Dean

Washington State University at Vancouver

The issues that are being considered by this subcommittee are extremely important to the future of higher education. We strongly support many of the changes that you are considering:

1. We very much favor attempts to simplify need verification.
2. We strongly support attempts to alter the balance of grants and loans.
3. We see a desperate need for simplification of aid delivery.
4. We see some major conflicts between needs to maintain family assets and to finance a student's education.
5. On this campus we are especially concerned about the availability of financial aid for non-traditional students.
6. We strongly concur with the need to address the special needs of ethnically diverse students.
7. We laud the attempts to target needy and at-risk students before they enter college.

WSU Vancouver: Rather than traverse territory that you have already covered in previous testimony, I want to address my remarks to our specific situation and some of the issues that it highlights. Ours is a branch campus of Washington State University. Ours is one of 5 new branch campuses recently established in the

state of Washington to provide upper division and graduate education to potential students in underserved areas of the state. Note that the emphasis is on upper division and graduate education. Participation rates at the baccalaureate and graduate level have fallen behind in the state of Washington. Participation at the Associate level has not. Our location in southwest Washington was occasioned by the absence of any four year in-state institution (public or private) less than a two-hour drive away and by especially low participation rates (even by Washington averages).

At least the initial target for the branch campuses is the population of place-bound students who cannot relocate to other portions of the state to pursue a college career on a full time basis. Our restriction to the upper division and graduate level also directs our efforts toward community college transfer students. That is, this campus is intended to serve non-traditional students and to respond to the changing character of students and to facilitate the changing relationship between education and other elements of our society.

Our students are very different than those found on our main campus in Pullman which is a very traditional, small college town. The average age of our students is between 33 and 35. Over 60% of our students are women. They pursue graduate degrees in engineering, business and education or undergraduate degrees in social sciences, humanities, business and nursing. The majority of our students are part-time enrollees. They are frequently married and have children. Many are employed full or part time. Some demand

courses only in the late afternoon or evening while others are unable to attend before 8 in the morning or after 3 in the afternoon.

Financial assets: Older students are more likely to have some assets that may preclude their eligibility for financial assistance than younger ones. These include home equity and savings. Let me note a vexing conflict for some of them. Some of our students have, consistent with the advice of federal spokespersons and college counselors, initiated savings programs for their children's education. Such assets, however, may preclude those parents from obtaining financial aid for their own education.

It is common today for students, especially first generation college students, to graduate with \$20,000 or more in debt. In 1965, when the Higher Education Act was first enacted, I graduated from college with no debt. I had paid all of my own expenses by working summers and part time during the school year. It is not possible to do that currently given the minimum wage and college expenses. Such debts can be formidable for potential students and may preclude their pursuing a college career.

The balance of grants and loans is a more serious matter for older students than for younger ones. A \$20,000 debt accumulated while attending college, can be more easily faced when one has an employable life span of 40 years than of 20 years.

Children: As I noted above, many of our students have children. These children are of all ages. Some of these children are also college students who complicate their student-parent's financial picture. While less expensive than college student children, preschoolers add to the financial, logistical and emotional burden of many student-parents. We have noted a major increase in the number of parents (especially women) who return to college after all their children are enrolled in the public school system. Essentially, these parents are using the public school system as their daycare. While that sounds convenient, it can complicate college attendance by restricting the hours one can attend and adds to transportation problems and thus provide additional financial constraints. An additional complication arises for many of our older students who must care for elderly parents, sometimes in addition to caring for their own children.

Complexity of financial aid procedures: We find that older returning students are far less tolerant of complicated bureaucratic procedures than are traditional students. That applies to all aspects of college life including, but not limited to applying for financial aid. This lack of tolerance arises, not from a crochettiness associated with old age, but from the complications associated with attempting to balance the conflicting demands of spouses, children, employment and social obligations to say nothing of the demands of being a student. Attempting to qualify for financial aid and attempting to deal with a complicated delivery system can become an overwhelming burden under these circumstances, especially for

those who need it most. Anything you can do to simplify financial aid procedures will be appreciated most by older returning students.

Traditional students: Not all of our students are older returning ones. Many are ones who have recently completed their associates degree at one of the area community colleges and are no older than their counterparts at a traditional 4-year institution. Because we do not offer lower division courses, we find students with increasing frequency attempting to take courses at both our campus and at a community college. These students are attending part time at two institutions and cannot qualify for financial aid at both. Nor can they qualify for as much financial aid at one as they could if they were attending full time at only one institution. In order to accommodate these students' financial needs we have been forced to develop separate consortia with individual community colleges. Such arrangements are difficult enough within the state of Washington. They are nearly impossible to establish across state lines for Washington students who may be attending part time at an out-of-state community college. Such inter-institutional problems are likely to be an even bigger problem for this committee when attempting to deal with targeted populations before they become college students.

Front Loading: It is my understanding that this committee is considering the possibility of front-loading grants to the first two years of college and relying more on loans for the students at the Junior and Senior level. This strategy runs directly counter to something that we are attempting to do in Washington - increase the

baccalaureate completion rate. As I noted above, this campus was created in part with the intent of increasing the percentage of citizens who went beyond the associate level. Massing the debt at that level will make it more difficult for students to pursue the degrees which Washington needs most. It would be especially problematic for this campus which attempts to address the special needs of older returning students.

I want to applaud this committee for taking a serious look at the Higher Education Act. We know that it would be easy for you to simply maintain the financial aid system in its current form. Our students need the kind of dedication that this committee is showing.

Mrs. UNSOELD. Thank you.

Very, very important panel, and I certainly have learned a lot and hope we can develop some of that in the questions.

Jack, do you want to lead off?

Mr. REED. Thank you.

Marianna, as a financial aid officer, would you like to see more discretion with respect to the decisions that you can make with regard to Federal loan programs, and if that is the case, what forms of discretion do you think would be helpful?

Ms. DEEKEN. I think the ability to use professional judgment in adjusting the student's contribution has been particularly helpful. I regret the loss of the same kind of judgment that we used to have and that we had for all of 1 year in the Pell Grant program before they decided they could not afford it.

I think being able to really look at each individual student, which is something we do on our campus daily, we examine each file, we talk to families a lot, has enabled us to help a lot more students into the system than simply having to go strictly by the numbers that appear magically off the form, that they do not understand.

Mr. REED. There was a previous witness this morning who—Jolene's former colleague and, I guess, spiritually my former colleague from the Washington Assembly, who talked about financial aid officers sort of pushing people out of the queue now, saying you do not qualify.

Do you get that sense? Is that your role now rather than trying to help people structure a financial basis for their education, now it is more like telling people no and cutting down the number of people in line?

Ms. DEEKEN. Unfortunately, yes, and I think the biggest—the even bigger problem is that is what families see my role as as well. They do not see me as somebody there to help them, they see me as somebody putting yet another obstacle in their path.

Mr. REED. Let me ask another related question. Are there, though, people that you feel really are not going to be able to pay back these loans that they are accumulating, but you are in some respects, because they qualify, forced to approve them? Is that ever a problem that you have? What sense or direction might you give us in terms of resolving that issue?

Ms. DEEKEN. That is a sticky question. I have seen students where they qualify for a loan. Unfortunately, not only do they qualify for a Stafford but perhaps they qualify for an SLS as well, and I cringe at the thought that I am required to certify that loan.

But I think it is going to be very, very difficult to find a sense—a place where financial aid administrators are going to feel comfortable telling the student no because the student genuinely wants an education, and we do not have other funds to give them, and it is a very, very difficult situation.

I have been there, and I know my colleagues have been there, and I think increasing grant aid for some of those students and the student, for example, at my campus that was in that position, and if we had been able to give her more grant aid, perhaps with that and a combination of a Perkins, we would not have had to even talk with an SLS about—with her.

But because she was eligible, we had to certify that loan, and she showed up on my default list last week.

Mr. REED. But that is the type of flexibility that Dr. Ramaley was talking about in terms of being able to shift?

Ms. DEEKEN. Right. Being able to shift dollars from one program into another that would enable this student to stay in school, and I think we need that flexibility.

There are students who are perfectly willing and able to take on a loan, and there are others that though they say they understand, you know that academically maybe they are under-prepared and financially they are not prepared, and giving that student a loan, like I said, is what—that student showed up on my default list and it was no surprise to me.

Mr. REED. I guess in summary, then, if we can creatively structure the discussion with financial aid officers, that could a degree ameliorate the default rate problems that we are all seeing, is that fair?

Ms. DEEKEN. I think so. I think the programs—I think we need to look at different kinds of programs for different kinds of students. Your typical undergraduate is not a typical undergraduate any longer even at my campus.

Mr. REED. Dr. Manspeaker, you brought up the issue of—this is with respect to the default rates, also,—of other factors. Could you allude to about those other factors?

Ms. MANSPEAKER. I think Marianna was describing the type of individual that has that other factor or those other factors, and certainly I think the most important one is the economic capability of the individual to pay back a loan soon.

I mean it is what banks normally use to determine whether to grant a loan or not, and, so, I do not think it is any surprise that the institutions with the highest default rate are also the institutions that seem to be serving the students of highest risk.

So certainly one factor is the kind of economic background that people bring to the college, but the other is the potential to continue the real inclination to continue to pursue a degree, and in some cases, the reasoning used in taking the loans.

As Marianna mentioned, we often know the individual who is going to have problems paying back the loan and who will show up in default, and we are almost powerless to not certify that individual. In fact, in many respects, we are powerless.

So that the point is that, yes, there are a variety of factors, and we do not deal with them fully and, therefore, we have unsatisfactory default rates.

Mr. REED. The challenge, of course, to us is to come up with a legislative direction, and generally we just provide direction and not specific road maps because, otherwise, it would be much, much longer than it is already in terms of the drafting.

But a direction that will help you do that without penalizing young people who want a chance and not so young people, based on your testimony, who want a chance basically at their piece of the American dream, which is to better themselves through education and to contribute to the society.

So your hopes would be—your input is very important.

Do you want to make a comment? Because I have another question, unrelated question.

Ms. RAMALEY. Actually, I did, Representative Reed. To build on these few points, access really has three meanings. I think financial aid is intended to provide access to education, but there are three components to access.

The first is the programs that are available and the quality of those programs, and there are several components of the Higher Education Act that speak to that.

Second, access has to do with financial support, and we have all emphasized that today and the need to open up that understanding to include the kinds of students that we all serve today.

The third meaning of access is all the other things that help people be in school, the student services, support, community involvement, and those things are not necessarily built into the Higher Education Act, but they are things that we as institutions have to bring together with what you do support so that our students are well prepared to be in college and make the transition effectively and they are able to benefit from their presence.

One of the difficulties we have is that the highest risk students who are also tending to be the highest defaulters then leave their first experience in higher education embittered, angry, and left with a debt to pay for something they felt was of no value in the first place, which is another reason we want to move toward some kind of support early to help these high-risk people make a good effective transition and then they can take on debt as we have a better sense that they will be better able to achieve it.

Mr. REED. Now, is that avenue of support, is that the Title XI program that you are talking about?

Ms. RAMALEY. In part, but also Title III, the TRIO Programs, the special access—

Mr. REED. I wanted to ask specifically about TRIO. What is your experience in this area? Because in my home State of Rhode Island, we have a very active TRIO program with our colleges, and it is a model program.

Ms. RAMALEY. Yes, we have very active TRIO programs here. We have had some difficulty at Portland State being able to get access because many of these programs have essentially been capped due to two factors, the amount of money available and also the way in which continuing grant proposals are reviewed. There is a point system for continuation that has them weight more heavily than institutions trying to get a proposal for the first time.

So which is what you would expect when you have an allocation of scarce resources, you want to be sure that you continue proven programs.

But with an institution like Portland State, trying to expand its support for non-traditional students, it has some difficulty breaking in, but where we have broken in, we have been extremely successful. We have increased the retention rates and graduation rates. We have increased the diversity of our student body. They are absolutely essential programs.

Of course, there are about six or seven of them, but—

Mr. REED. Yes.

Ms. RAMALEY. [continuing] we do support it strongly. We encourage you to keep it going, and, if possible, to expand the amount of funding that you have available.

The reason I emphasize the urban grant is that that has been sitting authorized for 10 or 11 years but never funded, and, of course, institutions like mine speak to all three aspects of access.

Mr. REED. Thank you, Doctor.

Mr. MOISES, the trade schools in this country play a very vital role in significant aspects of postsecondary education, and I wondered if you wanted to elaborate in any of the themes, particularly one with respect to the default rate and your experiences with your types of institutions.

Mr. MOISES. Well, I think obviously as has been pointed out, I think there are a lot of factors contributing to the default rate. It is interesting to note that with campus-based loan programs, those are programs in which the schools themselves work with students on repayment.

The default rates are single digit to a high of 12 percent, and as you are aware, the way it currently is, we know our students, but once those loans go into the secondary market, we are virtually powerless to assist those students, number one, even finding out who is the holder of that loan, and we have never shirked the responsibility and accountability in the default area.

We only ask that we be able to work with our students because we know them to help them repay those loans, but currently we are precluded from doing that.

Mr. REED. Precluded by the lack of identification of who the secondary lender is?

Mr. MOISES. That is correct, and basically it is the relationship between the ultimate holder of that paper and the student, and, so, we have attempted to work with lenders and those people in the secondary market to track students, to work with them.

Unfortunately, we are virtually powerless based on the way in which the programs are currently structured.

Mr. REED. But that is not a legal legislative impediment? There is no legal—

Mr. MOISES. No, it is not.

Mr. REED. [continuing] impediment, it is a practical one?

Mr. MOISES. That is correct, but we still find it very difficult to get the attention of the people in the secondary market when we offer to help them because at that point in time, it is strictly a business transaction for them and they know the loan is ultimately guaranteed by the government. So where is there impetus to try and actually collect those funds?

Mr. REED. I just have a final question for Harold and perhaps the whole panel.

We have been talking about front-loading and back-loading, and basically we are talking about what incentives are we giving to students good or bad to go to school and to continue in school.

It seems the proponents of the front-loading suggest that this is a good incentive because it will allow students to concentrate on education for a couple of years and really test themselves out, and if they do not like the experience, they can go away and leave, but

they will not have that bitter sense of not only failure but debt, which sometimes is even more bitter than failure.

The opponents seem to suggest that this will essentially force people to go into a 2 year program exclusively, and I just am feeling my way through here, and I think institutionally the committee is, just comments about that—these arguments on front-loading/back-loading and positive incentives/negative incentives.

If you want to take it, Harold, then if the rest of the panel would comment, that would conclude my questioning.

Mr. DINGERINK. I think obviously the easy theoretical answer to that is to rely more on grants all the way through.

Mr. REED. Yes, we have a national debt problem, too, Harold.

Mr. DINGERINK. I understand. I think it is very clear to me that there are certain situations in which one wants to do exactly that, to use the grants up front with the high-risk students to make that experience as positive a one as possible, to use the funds to remove other immediate barriers to attending an institution of higher education, as well as to preclude the longer-term barriers, such as the debt.

However, as they say in the State of Washington, okay, what has become apparent to us, okay, is that our 2 year degree, associate degree, completion rates are as good as anywhere in the country. What we are having major problems with in this State are completion rates at the baccalaureate level and the graduate level. That is especially true in Southwest Washington, where the participation rate at 4 year institutions is lower by almost half than the average in the State of Washington, and that is even taking into account the students who are going across the river to PSU.

Mr. REED. Does this represent those people who are in 4 year institutions and who are dropping out after 2 years or does this represent those people who are going to a 2 year institution, finishing, and then going to the work force?

Mr. DINGERINK. It is the number of people who are enrolled in 4 year degree programs.

Mr. REED. And they are just dropping out, basically?

Mr. DINGERINK. Well, in Southwest Washington, okay, what the only alternative to the place-bound student is to go to the community college, and then the alternatives, say, in Clarke County are either to go across the river to try and be part of the reciprocity arrangement which has a limitation to it, okay, or to go north 2 hours to Evergreen, okay, 2 hour commute is a difficult problem.

That is why we have put together the branch—

Mr. REED. I understand that, but it is a problem we do not have in Rhode Island because 2 hours north of Rhode Island is New Hampshire and Maine.

Mr. DINGERINK. I understand.

Mr. REED. So now I see. You are talking about a locational problem for working students who really do not have the flexibility to go away to a campus even if they could afford it, and—

Mr. DINGERINK. Correct, and let me emphasize that students are becoming increasingly place-bound, place-bound in part by the costs of higher education.

For someone—my home institution, being the main campus, is located in Pullman, Washington. It is a small town of about 23,000

students—people—of whom, the 23,000, 16,000 are students. There is not a lot of part-time work in Pullman. There is not a lot of full-time work in Pullman, unless you have a Ph.D. and are working at the university.

People who go to Pullman go there to go to school full-time. They have to relocate. There is expense associated with that. They have to be committed to attending full-time. It is the old classic small college town. Something that is disappearing in this country and provides a unique kind of an alternative, but it is an alternative that is less and less available.

People are less able for financial reasons to relocate. They are less able to commit themselves full-time for 4 years to pursue a degree. People increasingly have family commitments as they become older and become college students. They have family that lock them into a given place. They not only have to in those cases relocate themselves but spouses, children, etc.

Mr. REED. Yes? Dr. Ramaley and then Dr. Manspeaker.

Ms. RAMALEY. To pick up on that, the—what has been going on in recent years is that more and more people are living in metropolitan areas, but the more developed and traditional and more well-funded institutions are generally 2 or more hours away from those areas, and therefore the place-bound student that Harold is talking about are found predominantly in areas that are still under-served by higher education.

You are seeing in this particular region, in the so-called greater metropolitan area of Portland, which includes Clarke County and some sections of other Washington counties as well as three Oregon counties, a good type case of that because in this region, taking this thousand mile or so radius—square footage, you find that we are about at 80 percent of the under-graduate population but only at 50 to 60 percent of the graduate.

That has to do with the number of programs we have to offer, the capacity of those programs to serve students, and the fact that the very institutions that have to meet these needs of growing populations are the least well-funded and have the most students with the most complex needs that have to be packaged by our financial aid officers and our student affairs people in general, which is the reason that you are hearing the story this way in this particular place.

You find this in the Middle West, the Plains states and the West, but the systems of education generally have an institution some distance removed from the metropolitan region, and, so, Harold and I, for instance, are working together and my provost sits on his council, he sits on our community college and community liaison committee, we are trying to plan together, work together, so that what is built by Washington State on this side of the river is complementary to what we are trying to do on my side of the river, so that we as best we can, given the differences in the two states and their systems, act like a system of education, and our needs are essentially identical, to serve these students who have no other choice but us.

Mr. DINGERINK. And that is one of the reasons why the Title XI is so extremely important for institutions of ours.

If you were holding these hearings in Eugene or in Pullman, you would get a very different story, I think.

Mr. REED. That is why Mrs. Unsoeld wanted to hold them here because we wanted to get this story.

Ms. MANSPEAKER. I would like to comment a bit about the issue of front-loading. First, I would like to join my colleagues from the cities mentioned that those of us from rural areas have place-bound students as well, and in fact we probably invented the concept of place-bound students. It is 2 hours anywhere from Grays Harbor.

So but the point I was going to make with regard to the front-loading issue, I avoided using the word "front-loading" in my recommendations to you sort of leaving that problem with you because I believe balance is the issue, and it may come from indexing to some extent, you know, mentioning the factors that I mentioned of what—where we see high default rates, we may be able to index some of our decision-making so that for those entering students who have very high financial need, are high risk, that we have a process by which grants are much more accessible to those people and we are able to "front-load" for them while we also can make the distinction that there are entering freshman students for whom a loan makes more sense and can then therefore be built over a longer period of time and so forth.

So I would just argue in terms of balance in this whole question.

Mr. REED. Yes, Marianna?

Ms. DEEKEN. I would like to make one comment. We have talked a lot about place-bound students, and I think the thing that we all need to consider is the current demographics and while I will not go on and on because admissions people love to do that, and I am not one of them, but the reality is right now, we have a shrinking traditional student population and I think we see that on every college campus in this country.

However, I am very concerned because if you look at the upcoming generation of what we will consider the new "traditional" student, they are going to be predominantly what we call in this country "minorities." That is part of why I talk about—I talked about balance as well.

I think we need to be very, very concerned about only allowing those students grants in their first 2 years. Some of them maybe should not take a loan, but some of those people who are entering a 4 year institution and with the goal of getting a baccalaureate degree should not be precluded from either getting a loan or a grant which best serves their needs, and I think we really need to consider that when we look at the whole picture of should we give students higher grants and no loans or higher grants with the option of a loan if they need it.

Mr. REED. Thank you very much. Thank you very much, panel.

I have learned a great deal this morning. This is a lovely region of the country. I knew that before I got here. It has been confirmed. This was a wonderful opportunity to meet with you and particularly the dedicated educators like yourself who are concerned about the issue as we are, to listen to the testimony of people like Angela who are working for the future, for all of our futures, and the Lynches.

It gives me not only a sense of direction but a sense of inspiration that if we are perseverant and work hard at this, we will have a better system and we will contribute to an economically more viable America and a better country over all, and I have also once more have had my admiration increased immensely for your Representative and the Chairwoman here who has run this hearing today, not only for her brilliance and her wisdom but also for her endurance, to keep flying back and forth. I am lucky. I only have to fly an hour up to Rhode Island. She is a woman of great intelligence and compassion and endurance, and I thank you so much for this opportunity to be with you, and if I may take your leave, I must go to the airport and go back to Rhode Island. My ears are just beginning to be unstuck, so I have to get back on the plane and go.

Mrs. UNSOELD. I want to so much thank you, Jack, for coming today because what I am sure you have absorbed as have I from these people—who not only have an empathy for students but have a great resolve about education—is their insight into the problem and what we might do about it.

I think it is that resolve that one feels after hearing from them to stiffen our backbone, to go back and fight the good fight for these issues, and I would put in one plea, that the Secretary of Education Lamar Alexander really understands education, but our role in addition to bringing direct testimony is to raise the public awareness and demand so that this administration will feel it is okay to put some money into education, and, so, you all as usual need to lead the government and the elected officials and all the rest of us.

Thank you so much, Jack. I do appreciate your being here, and I do not want to prevent you from getting on that plane on time.

Mr. REED. I can see me hitchhiking on Route 66 now.

Mrs. UNSOELD. Yes. I wanted him to be able to get back to DC at a decent hour, and some of the rest will be arriving in the earlier morning hours, and I want to thank also Maureen and Diane for coming out. I want to thank my own staff. Donna just left to drive to the airport. Donna Levin and Mary Legry, Doug Levy and Mimi who helped to put this on.

Since our time constraint is a little bit relieved, I would like to know whether any of you from anything that has happened today or thoughts that have come to you, that you would like to add to this record before we officially close this part of it.

Ms. RAMALEY. I have one more thing I would like to say, Representative Unsoeld, and that is that particularly in this region of the country, cooperation amongst institutions is a critical part of the future. The relationship of the community colleges to the 4 year institutions, the working relationship between the professional programs and public and private higher education will be a critical backdrop to what you are trying to do with the reauthorization of the Higher Education Act, and I hope that you can see that there are working relationships here that even span the State boundaries.

Mrs. UNSOELD. Yes.

Ms. RAMALEY. And that we see ourselves as part of the same community of interest and we try to support our students who in

turn can only be served by our cooperation, so that we can focus on the students as the center of the purpose, not the institution and its purposes.

We appreciate the chance to have had an opportunity to illustrate that for you today.

Mrs. UNSOELD. And on our committee also there is great bipartisan support for the education issues. Unfortunately, we need to extend that to our colleagues who do not have the joy of serving on the committee so that they, too, understand that importance.

Would any of the rest of you like to add something? Yes?

Mr. MOISES. I would just like to echo your comments. I think it is most appropriate that all members of the educational community work together for the betterment of students.

I think sometimes in the private career sector, most people believe that our students simply leave school and go to work. An increasing number of our students get so turned on about education that they then go on to 2 year schools and 4 year schools, and I would only like to add that as we come together as an education community, it would be very nice if we could talk about articulation agreements because many of our students when they go across the river find out the courses they took which are very similar at PSU or at Clarke, they will get no credit for those courses, and then they do not go on.

So I would hope that articulation becomes an ongoing part of our dialogue.

Mrs. UNSOELD. Thank you. Thank you for your leadership.

Hal?

Mr. DINGERINK. I just want to make one more comment to echo the need for simplicity, and the issue about cooperation raises that issue in part.

One of the things that we spent a great deal of time doing this past year was establishing consortia between the Clarke College and NWSU, so the students could attend part-time at one institution and part-time at another and be eligible for financial aid. As part-time students at either, there would be a problem.

We have established those as consortia and have to do it on an individual institution-by-institution basis. There is complexity, in other words, at the institutional level as well as at the student level. For us to do that with all of the potential community colleges that—throughout the State and in Oregon, to work out those kind of relationships gets to be formidable.

Simplification would help all of us. It would help us in the institutions to put more of our resources directly on the students rather than in administering the system.

Mrs. UNSOELD. Marianna or Jewell?

Ms. MANSPEAKER. Well, the only comment I would make with regard to cooperation is that it actually goes beyond our educational institutions. It is Department of Employment Security, DSHS, and so forth, all of us are in this together, and I think we are beginning to work that way, in a collaborative way, that has some real promise.

Ms. DEEKEN. They have said it all.

Mrs. UNSOELD. All right. I am going to piggyback on what you just said about that because in this report, "The Unfinished

Agenda" by the Committee for Economic Development, they talk about the many social services that our K-12 institutions are currently performing and the need to have those social services brought in to the school because it is appropriate given what has happened to the family structure, our changed type of work force and so forth. But to bring them into the school and have other bodies performing them so the teachers are once again freed up to teach, and it is interesting to hear you say that that is true all the rest of the way through, and it really is a birth through life learning situation.

In fact, I think it goes really into prenatal but that is another discussion for another day, yes.

Thank you all so much. This officially closes our Pacific Northwest field hearing of the Subcommittee on Postsecondary Education of the Committee on Education and Labor.

The record will remain open for the written testimony of others who would like to add to this official record which will make a difference in the ultimate outcome of the piece of legislation that will be known as the new Higher Education Act.

Thank you all.

[Whereupon, at 11 a.m., the subcommittee adjourned.]

[Additional material submitted for the record follows.]

For the record

Testimony before the
Subcommittee on Education, Arts and the Humanities
Committee on Labor and Human Resources

by

Thomas Hauser
Director of ITT Technical Institute

May 13, 1991

46-403 300

Representative Unsoeld, and members of the Committee, good morning. My name is Thomas Hauser, and I am the director of the ITT Technical Institute in Seattle.

I would like to thank you for holding this hearing on the Reauthorization of the Higher Education Act right here in Vancouver. Washington's private career school sector -- through the joint efforts of the State Board for Vocational Education, the Department of Education, and the Washington Federation of Private Vocational Schools -- is strongly committed to postsecondary education, and we are looking forward to a future that is equally strong in preparing individuals for solid, productive careers.

I would like to take a moment to give you some background on our schools. There are 40 ITT schools across the country serving 17,000 students. Each one is committed to providing the highest quality postsecondary occupational education to students as they prepare to assume new career opportunities. And on the national level, ITT is successfully placing 84% of its graduates in jobs for which they've been trained.

At ITT, we teach classes in electronics engineering technology, computer technology and industrial technology. In addition, we teach classes in mathematics, and oral and written communications. There are about 440 students who are currently attending ITT in Seattle: 250 are enrolled in electronic engineering, 60 are enrolled in computer aided drafting, and 130 are enrolled in business-related courses. Our placement rates slightly exceed ITT nationally, we place 86% of all graduates for jobs in which they've been trained.

The young people who want careers in fields such as these are often in greater need of financial assistance than those who choose to attend traditional colleges. These financial assistance programs will have a direct impact on whether millions of young people will be able to pursue their version of the American dream.

Everyday newspaper headlines remind us that society must help all Americans become productive workers. But cuts in Pell Grants make it more difficult for workers to get the training they need. Now, more than ever, we need to strengthen support for the technical education segment of postsecondary education and reduce the imbalance between loans and grants that has forced our neediest students to rely upon loans to finance their education.

In 1980, grants constituted 40 percent of the typical aid package, with loans making up most of the remainder. Now grants make up only 29 percent of the typical package.

This means many trained graduates must set out on the career path carrying a crushing debt burden. Restrictions and cuts in federal student aid programs are adding to that burden. Student aid programs have failed to keep up with the cost of higher education and this has forced students to bear a greater portion of the costs. Coupled with other changes, such as a cap on borrowing under the Guaranteed Student Loan program and restrictions on Supplemental Loans for Students (SLS), students are increasingly hard-pressed to pay for the training they need to find good jobs.

The growing percentage of private career school students who benefit from financial aid is no threat to the student aid system,

but a reflection of increasing demand for this type of education. Pell Grants and the loan programs help private career school students -- many of whom live independently from their families -- offset their high level of financial need.

While we realize the importance of financial aid for our students, we also realize the concerns associated with default rate. Unfortunately, the default rate is primarily a function of the population served. Private career schools educate a disproportionate number of low-income and at-risk students, thereby increasing the number of students who default on their loans.

In 1986, to help with the problem of student loan defaults, we instituted a Default Management Initiative. We educated our students about the responsibility associated with taking out loans, and once they graduated we got them placed in jobs for which they were trained. With steady incomes and knowledge of the process, we helped them get on the right track and pay back their student loans. Now, we are proud to report that our efforts have been effective -- Washington State boasts one of the lowest overall default rates in the country.

As a member of the Washington Skills 2000 coalition -- an organization made up of concerned elected officials, business-people, educators, students and community activists designed to ensure access to federal financial aid for students attending private career schools -- I urge Congress to recognize the important contribution that graduates of private career schools make to society. In fact, the greatest job opportunities

throughout the next 10 years are expected to be in the service and technical fields. This is why it is important to ensure that young people have access to the institution of their choice.

To help achieve these goals, I believe we ought to head in the direction outlined in the legislative proposal that two national organizations -- the National Association of Trade and Technical Schools (NATTS) and the Association of Independent Colleges and Schools (AICS) -- have shared with your Committee.

The proposal will provide access to postsecondary education opportunities for all students, including the poor and disadvantaged. It restores the proper balance between grants and loans so the very poorest do not leave school under a huge burden of debt. It improves the integrity of the aid programs. And it enhances the effectiveness of the programs through simplification and improved administration.

The plan recognizes that people should have access to the type of education that best meets their interests and abilities, whether at a four-year college or private career school.

Moreover, the proposal calls for a number of reforms that will clarify the accountability of all players involved in the student aid programs and create ways to curb abuse -- reforms that will help restore everyone's confidence in these programs.

An efficient and productive economy depends on educators, scientists and doctors. But it also requires the people who build our homes, program our computers, assist our doctors, repair our cars and maintain our offices, schools and hospitals.

There are countless Americans who would not be where they are

today if it had not been for loans, grants and other financial assistance provided through Higher Education Act. Please make sure the door stays open for the next generation of students who want to have the same chance so many others have had. We owe them that chance.

Thank you.

Tom Hauser is Director of ITT Technical Institute in Seattle, President of Washington State Skills 2000, and President-elect of Washington Federation of Private Vocational Schools.

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June 20, 1991

Robert Blackman
International Air Academy
2901 East Mill Plain Blvd.
Vancouver, WA 98661-4899

Dear Robert:

I am enclosing a copy of the section of the hearing transcript that mentions the International Air Academy, and a copy of Angela Slaughter's written statement. As I stated at the hearing, I brought up the Academy because Angela included her experience in her written statement. The question about the Academy was just one of a series of questions I asked Angela (who was very nervous) to help her through her testimony.

While Angela may have signed a disclosure form saying she was willing to relocate for her first job, she seemed to have the impression that local work was available as well. Whether or not she signed such a disclosure, Angela's personal circumstances (single mother with a preschool child) would have prevented her from taking advantage of certain job possibilities. Since the opportunities you listed did not include salary ranges, hours, or job responsibilities, it's hard for me to determine whether or not that was the case.

As we move through the reauthorization process, I am looking very carefully at the issues facing private vocational schools. I applaud the efforts of the National Association of Trade and Technical Schools to toughen the accreditation process, and I look forward to working with all of you to help us solve some of the problems we face.

I appreciate your effort to reach out to Angela to see if you can help her further, but as you heard at the hearing, Angela is well on her way to another career that will enable her to stay in the area and support her daughter with a family wage. I would encourage you instead, to look at your admissions process, and make sure that future Angelas really understand what they are up against when they complete your program.

I will be happy to include both your letter and my response in the official record of the hearing.

Sincerely,



Jolene Unsoeld
Member of Congress

JU:mc
Enclosures:2

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May 17, 1991

The Honorable Jolene Unsöld
Congresswoman, 3rd District, Washington
610 Main Street
Vancouver, WA 98661

Dear Representative Unsöld:

I was very pleased to be able to attend your field hearing of the Postsecondary Subcommittee of the Education and Labor Committee on the reauthorization of the Higher Education Act that was held in Vancouver on Monday, May 13. I was also pleased that private vocational schools were invited to participate in the hearings. As a member of one of the panels, Mr. Moises did an excellent job of presenting the concerns we all have for the future of education in this country.

As the hearings proceeded, I was very pleased that the real issues were becoming a part of the record. Except for some periodic "politicizing," a real concern for the educational needs of our society was being expressed. I felt lots of empathy for the couple from Hoquiam and for Angela Slaughter. I was a little surprised when you asked Angela a question that was totally unrelated to the hearing when you asked her to tell about her experience at International Air Academy. I had not recognized her as a former student at International Air Academy, but I was very disappointed to hear her response.

As General Manager of the Vancouver campus of International Air Academy, I would like to set the record straight.

Angela applied for admission to our Airline Reservations and Airport Services program on August 18, 1988. She began classes on August 29, 1988 and graduated with her Class on November 16, 1988. All applicants for admission to our Airline Reservations and Airport Services program are required to affirm in writing that they are willing to relocate to obtain their first position in the airline industry. Angela provided that affirmation.

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3860 N. GARDEN DRIVE
ONTARIO, CALIFORNIA 91764
(714) 889-1122

The Honorable Jolene Unscold (2)

May 17, 1991

During the ninth week of training, Angela and her classmates were presented with the initial employment opportunities that were being made available to these future graduates. Between October 24, 1988 and November 8, 1988, a total of twenty-one (21) different positions, totalling over 180 jobs, were presented to Angela and her classmates. Angela declined to interview for seventeen (17) of these positions.

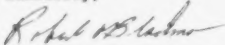
Among the positions she declined interviews for were the following:

CUC Travel	Denver, Co	Full-time, Permanent
American Airlines	Los Angeles	Full-time, Permanent
U.S. Air	Reno	Full-time, Permanent
Braniff Airlines	Dallas	Full-Time, Permanent
Braniff Airlines	LaGuardia	Full-Time, Permanent
Continental	Newark	Full-Time, Permanent
West Air	San Francisco	Full-Time, Permanent
United Airlines	San Francisco	Full-Time, Permanent

As you can see, Angela's response (which is now a matter of public record) did not relate the true facts. More importantly, the question that led to the response was entirely inappropriate in the context of the hearing. Therefore, I would request that this letter also be made a part of the record of the hearings. As a member of your constituency, I would appreciate hearing from you.

We have worked very hard over the years to maintain quality education and accountable placement programs. We have placed over 12,000 graduates in the airline/travel industry. I feel that our reputation was compromised by Angela's response to your question. As of this time, Angela has not agreed to meet with us to determine if we can assist her further.

Sincerely,



Robert O. Blackman
General Manager

ms

UNIVERSITY OF WASHINGTON
SEATTLE WASHINGTON 98195

Vice President for Student Affairs, PB-303

March 26, 1991

Ms. Mimi Castaldi
Legislative Assistant
Congresswoman Unsoeld's Office
1508 Longworth House Office Building
Washington, D.C. 20515-4703

Dear Ms. Castaldi:

Following their recent visit with you, President Gerberding and Vice President Lein suggested that I communicate with you regarding issues of particular interest to us as Congress considers reauthorizing the Higher Education Act of 1965 as amended. While brief by design, the enclosed statement reflects our views on those elements of the discussions to which we hope the delegation will be especially attentive as the reauthorization process progresses.

If something more would be helpful, please let us know.

Sincerely yours,



Ernest R. Morris
Vice President

ERM:ldo

27/103

Enclosure

cc: Dr. William P. Gerberding w/enclosure
Mr. Eric S. Godfrey w/enclosure
Assistant Vice President and
Director of Student Financial Aid
Dr. John N. Lein w/enclosure

1900 Alaskan / 1400 NE Campus Parkway Telephone (206) 543-3034
FAX (206) 543-2965

University of Washington
Priorities for the Reauthorization of
Federal Student Aid Programs

The University of Washington administers a comprehensive, centralized program of financial assistance for students enrolled at its main and two branch campuses. During the 1990-91 academic year, the University's Office of Student Financial Aid will coordinate the distribution of about \$51 million in federal, state and private financial aid. About 9,500 students will receive some form of assistance through various programs--some 70 percent of whom will be undergraduates and the balance will be graduate and professional students.

Approximately 83 percent of the University's financial aid funding is derived from federal programs, with state and private sources providing an additional 15 and 2 percent, respectively. Given the University's substantial reliance on federal programs, its interest in the Title IV reauthorization process is well developed. In preparation for this process, the University has identified several issues of great importance. It is hoped that these matters, which are discussed below, will be seriously considered by Congress during its reauthorization deliberations.

Adequate Funding: The overall purchasing power of the federal programs, especially grant assistance, has been eroded significantly over the last decade, and the University's capacity to provide adequate levels of assistance to eligible students continues to decline. For example, while students here will receive substantial levels of assistance this year (again, about \$51 million), the aggregate financial need of our applicants is roughly \$88 million--a shortfall in funding of some \$37 million.

It is hoped that Congress will continue its commitment to provide adequate levels of funding for the major programs by significantly increasing support for the Pell and campus-based programs.

Balance: Over the course of the last decade or so, students here and nationally have relied to a greater extent on loans to help defray their educational costs. Indeed, during the current year, about 60 percent of the overall aid program at the University is in the form of loans, and this pattern raises concerns about the levels of debt that students are being asked to assume and the potential effects of such on their decisions to enroll in institutions of higher learning and their choices of academic disciplines, among other things. Reauthorization efforts should be directed toward improving the overall balance or "mix" among the major programs (i.e., loans, grants and work). A significant first step in this regard could involve the restructuring of grant and loan programs. Specifically, the

University of Washington
Priorities for the Reauthorization of
Federal Student Aid Programs
Page 2

possibility of "front loading" grants should be explored--providing full grant funding for students during the first year or two of undergraduate study and eliminating loan debt during a period when the possibilities of attrition and default are highest. Students could then be expected to rely on loans and work to finance the balance of their undergraduate careers.

Program Simplification: Over time, administrative and regulatory requirements on aid programs have become increasingly burdensome and costly. From this perspective, the federal programs have become over-regulated and the basic aid-delivery system is in need of overhauling and streamlining. To achieve these objectives, a number of courses of action might be pursued, including the proposal to exempt institutions with exemplary administrative records from certain federal regulations. Under such a plan, schools that are judged to be prone to fraud and abuse would be required to adhere to stricter regulations. Such targeting of regulations could provide substantial relief to those institutions with strong performance histories.

Also, the University is of the firm view that Congress should give serious consideration to replacing the existing Stafford Guaranteed Student Loan (GSL) structure with a program of direct loans. Given such, the current loan structure would be phased out and, in its place, institutions would receive direct annual allocations to be used for loans to students. Insofar as the GSL has become the single most complex, costly and inefficient federal program, this alternative merits serious consideration.

March 26, 1991
5/303



The Evergreen State College

May 22, 1991

The Honorable Jolene Unscold
House of Representatives
1508 Longworth
House Office Building
Washington D.C. 20515

Dear Congresswoman Unscold,

As Congress deliberates about the reauthorization of the Higher Education Act, I want to encourage you to support legislation which will increase the educational opportunities of our country's youth, especially those for students of color and from lower socio-economic backgrounds.

As the demographics of Washington State and the rest of the country change, it is imperative, I believe, that Congress renews its commitment to educating our citizenry. It is important that we offer students, as early as the middle school years, the counseling they need to plan for their educational future. In the Fall of 1992, for example, to be admissible to Washington's public universities and the College, the entering students must have completed a prescribed academic program in high school. Although the new entrance requirements have been phased in over a four year period, some of us continue to be concerned about whether enough has been done to alert the students and their parents about these new requirements. H.R. 1524 could be a great help in this regard.

It is equally important that Congress continues to appropriate the necessary resources to make sure that our financial aid programs are fully funded, and that financial aid counseling is available to all those who qualify for it. Technology exists today to establish a comprehensive computer data base system containing financial aid sources, explanations of the various programs, who is eligible, how to apply, etc. Our students and counselors could definitely benefit from this type of technology.

Thank you in advance for considering these recommendations.

Sincerely,


Arnaldo Rodriguez
Dean of Enrollment Services

Change Machine 68246

NORTHWEST INDIAN COLLEGE

2522 Kwina Road Bellingham WA 98226-9217
(206) 676-2772 (206) 384-8070 Fax (206) 738-0136

May 10, 1991

Honorable Jolene Unsoeld
U.S. Representative
207 Federal Building
Olympia, Washington 98501

Dear Representative Unsoeld:

Dr. Robert Lorence asked that I respond to your request for comments about suggested changes in the Higher Education Act re-authorization.

TITLE III-

- 1) The current requirement that colleges sit out five years after receiving a 5 year grant will hurt tribally controlled colleges, which are embryonic institutions.
- 2) We suggest that tribal colleges receive a preference, possibly via a 10 point priority formula for institutional and cooperative grant applications.

TITLE IV

- 1) Schools are penalized for high GSL default rates, yet are unable to establish criteria which would restrict student participation. Banks make these loans, yet are not penalized. We would favor elimination of GSL for college freshmen and sophomores, or graduated percentage which is very small at the freshman end.
- 2) Regulations allowing students access to Title IV aid, if satisfactory arrangement to pay a default loan, have no strength. Lenders require total payments only as "satisfactory".
- 3) Schools which do not provide grant and/or self-help aid should not be allowed to participate in a GSL program. I believe it unethical to woo youth to a school, arrange a loan for tuition and fees and fail to assist the inexperienced student with non-loan aid.
- 4) Determination of independent status should be relaxed for Indian students at tribally controlled colleges. Many students are homeless as early as age 14 to 16, with no significant income.

BOARD OF TRUSTEES: Theresa Mize, Chairman; Charles Scott, Vice Chairman; Jane Jones, Member; Merle Jefferson, Member

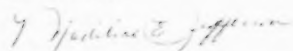
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BEST COPY AVAILABLE

5) The 2-treaty needs to be acknowledged for eligible non-citizen Canadian Indians. Immigration says that documents are not needed, but Title IV continues to require them. Some students go back to Immigration three and four times, trying to get proof of legal residence. Before the 1991-92 "clarification", we could accept a copy the tribe's Indian membership card.

Thank you for the opportunity to share these opinions with you.

Sincerely,



Madeline F. Jefferson
Financial Aid Administrator

cc: Honorable Al Swift
U.S. Representative
104 W. Magnolia
Bellingham, Washington 98225



Heritage College

Main Campus
3240 Fort Road
Tappanish, WA 98948
(509) 865 2244
(509) 575 1206

Knowledge Brings Us Together

May 22, 1991

Satellite Campus
Omae
1 800 621 6620

Rep. Jolene Unsoeld
1308 Longworth House Office Building
New Jersey and Independence Avenues, S.E.
Washington, D.C. 20515

Dear Rep. Unsoeld:

I was very pleased to see that you were holding a Hearing on the re-authorization of the Higher Education Act in our state. I understand that a representative group of institutions and the interested public gave testimony at that time. I was informed that, if Heritage College wished to offer additional statements, I should write to you directly. That is the purpose of this letter.

The first point I would like to stress is the need for the student aid programs, particularly the PELL Grant and the SEOG Grant, to continue to be available to students from the lowest income category. I understand the need to adjust the formula so that middle class students are also eligible, and I do not oppose this. However, it is essential that the first priority continue to be give to persons from the lowest income level.

At Heritage College, where approximately 500 undergraduates are pursuing four year degrees, in a region which has only recently had higher education opportunities available, 65% of the fulltime undergraduates fall below the poverty level. Without the assistance of substantial for PELL and SEOG grants, none of these students would be earning four year degrees. Half of these undergraduates belong to minority groups (primarily Native American and Hispanic). This is the leadership future of our country, and higher education opportunities for them are essential for the future well-being of the United States.

With regard to the concept of "front-loading" the grant money to the freshman and sophomore year levels, I would like to express grave reservations. While additional aid is needed for freshman and sophomores, in our area this policy would effectively cut off the chance for a four year degree for more than half of our student body. Students' financial situation does not change until after they have completed the four year degree and become employed in a career or profession. At the junior and senior level, they continue to be below the poverty level, with no back up sources of income from family or relatives. Since the unemployment rate in this area ranges from 13% to 20%, it is not a wise financial decision for a student without personal resources to take out substantial loans in order finish a college degree. While modest loans may be in order, loans to cover the entire cost of the junior and senior levels would be prohibitive. In effect, this policy would mean that students would finish a two year degree and stop their education.

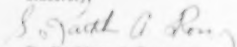
This would mean that the ability of Heritage College to produce minority teachers, social workers, and business leaders would be severely, if not entirely, limited. At our graduation last Saturday, 29 new teachers were recipients of teaching certificates. A good number of this group belong to low income or minority groups.

with roots in this area, prepared now to be extremely effective teachers with the student population in this area. The entire educational system, from kindergarten through twelfth grade, will suffer if Heritage College is not able to produce the future education graduates which we are now doing. Without grant funding available at the junior and senior level, this will be impossible.

There are, of course, a number of other issues which you are considering in the re-authorization of the Higher Education Act. However, the above two points are the most vital to Heritage College and, I believe, to other schools which serve low income populations. Since this is the most under-educated and under-prepared segment of our society, it is important that they be considered in the re-authorization process. I would be happy to provide further information on any points raised above, if this information would be helpful to you in later work with your Committee.

Thank you for the dedication and hard work which you give to the people of our country and of Washington State! God Bless you!

Sincerely,



Dr. Kathleen A. Ross, snjm
President

cc: Dave Irwin, Washington Friends of Higher Education
Dr. Richard Rosser, NAICU, Washington, DC

STATEMENT OF DR. KARL-ÅKE OMNELL
DEAN, UNIVERSITY OF WASHINGTON SCHOOL OF DENTISTRY
SUBMITTED FOR THE RECORD
TO THE
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

May 16, 1991

REGARDING
RESTORATION OF THE STUDENT LOAN INTEREST DEDUCTION
AND THE RELATIONSHIP TO REAUTHORIZATION OF THE HIGHER
EDUCATION ACT

As the Dean of the School of Dentistry at the University of Washington, I am greatly interested in issues related to professional student financial assistance. I am pleased to have the opportunity to provide information regarding the student loan interest deduction. Although the Education and Labor Committee does not have jurisdiction over this measure because it is a tax issue, it is relevant to many issues of concern to the Committee in the reauthorization of the Higher Education Act.

Before I comment on the importance of restoring student loan interest deductions, however, I would first like to comment on the Title IV loan programs that are crucial sources of financial aid for dental students. Enhancements in these programs would be an important step in solving many problems associated with financing a dental education for students and their families.

IMPORTANT DENTAL EDUCATION ISSUES IN REAUTHORIZATION OF THE HIGHER EDUCATION ACT

The goal of financial aid programs is to enhance access to higher education, including graduate and professional education. Without Title IV programs such as Stafford Student Loans, Supplemental Loans for Students, and Perkins Loans, dental students and their families would find it difficult, if not impossible, to finance their education. This is illustrated by the fact that in 1990 Stafford Student Loans were utilized by 79.4%, Supplemental Loans for Students by 37%, and Perkins Loans by 37% of all U.S. dental students. These loans did not fully meet the needs of 32% of the students, who borrowed from the market rate Health Education Assistance Loan (HEAL) program. This can be compared with University of Washington School of Dentistry utilization rates of 76.8% for Stafford Student Loans, 3.9% for Supplemental Loans for Students, 56.7% for Perkins Loans, and 22% for other loan programs.

We recommend the following changes for the Higher Education Act: increasing the borrowing limits for Stafford Student Loans from \$7,500 to \$10,000 per year, and for Supplemental Loans for Students from \$4,000 to \$15,000 per year in order to reduce the burden of borrowing from market rate loans; establishing a loan forgiveness program for graduate and professional students who enter public service positions at a GS-9 equivalent salary or less in order to induce individuals to enter public service; continuing the loan consolidation program and including HEAL loans in that consolidation in order to ease borrowers' burden of using higher interest rate loans; and encouraging institutions to allow the full participation of professional students in the Perkins Loan program.

We are also interested in and would support a direct loan program to replace the Guaranteed Student Loan (GSL) programs. The proposed direct loan program offers an opportunity to replace the present GSL programs with a program that is less costly to the Federal Government, and one with advantages for students and their families. The potential impact of the proposed direct loan program includes a simplification and streamlining of the processing of student loans; clearer identification of the servicing group; a lower default rate; and increased loan limits for students, including graduate and professional students. While there is justifiable concern about abandonment of the GSL programs for untested alternatives, we endorse the suggestion that a parallel test of alternatives be conducted prior to replacement of existing programs. In fact, we believe dental schools have the infrastructure to administer a direct loan program, and that dental schools could serve as a demonstration group to test the feasibility of a direct loan program.

STUDENT LOAN INTEREST DEDUCTION - IMPORTANCE OF THE RESTORATION OF THIS BENEFIT TO DENTAL EDUCATION

While these are modifications in Title IV programs that would assist future borrowers, I hope the Committee will also consider options to assist recent graduates, and those shortly approaching graduation, with significantly high debt. We have many concerns and recommendations for the Higher Education Act related to the increasing level of indebtedness incurred by dental students and the adverse effect this is having on access to dental education, especially for disadvantaged and underrepresented minorities.

Indebtedness and access to financial aid are particular concerns of dental students. Unlike graduate students, who are often funded through assistantships, tuition waivers, fellowships, and grants, most dental students must borrow to finance their education. Nearly 50% of students today are dependent on Federal loans as their primary source of financial support. Graduating debt for students may range from under \$10,000 to over \$100,000, depending on the type of education. Graduating debt of \$50,000 or more is common in health professions training such as dentistry. In fact, the 1990 national average debt at graduation for dental students was \$45,550. Over one-third graduated with debt above \$50,000, and debt of \$100,000 or more is not uncommon. At the University of Washington School of Dentistry, the average debt at graduation in 1990 was \$38,412. We have taken seriously our responsibility to minimize the costs associated with dental education. The total educational cost at the University of Washington School of Dentistry for resident students was reported as

\$34,769 in 1990. This is substantially lower than the national average of \$46,112. For recent graduates, dental income in a general practice setting averages between \$40,000 and \$50,000 for the first five years of practice, at a time when additional high debt is accumulated for practice start-up costs. Those who go on to advanced education programs (about one-third immediately after graduation, over half of all graduates at some point in their professional career) often pay tuition, receive little or no stipend, and accumulate more education debt in addition to that already incurred.

The 1986 Tax Reform Act phased out the deduction for "consumer" interest over a five-year period, to discourage over-reliance on credit. Unfortunately, educational loans were also included, despite the fact that they are an investment in education rather than discretionary consumer borrowing. Elimination of this deduction especially hurts students who come from families where there is little or no excess cash to contribute to the student's education, and students who are financially independent and not receiving parental support for pursuing a degree. For many, a loan is the only means to finance a higher education. The remaining interest deduction, for home equity loans used for educational purposes, is not an adequate substitute, since most often students do not own a home. The interest deduction is especially important for heavily indebted students in the first years after graduation when earnings are low and interest makes up a greater portion of loan repayment. As an illustration, consider this example: If \$52,000 are borrowed at 11% interest repayable over 30 years, the result is monthly payments of \$510, or over \$5,500 in annual interest during the early years of repayment. Student loans are generally repaid over ten to 30 years, with this "front-loading" of interest meaning that the further a student is from graduation, the less interest there will be to deduct, presumably at the same time an individual's earnings are increasing.

Because of the growing debt burden, students may be discouraged from pursuing higher education and obtaining additional degrees. This is especially true for disadvantaged and minority students, and those considering costlier graduate and professional training. Such debt may also discourage graduates from taking lower-paying public service, teaching, and research positions. Many health professionals who are committed to caring for underserved communities may find their career path infeasible in light of their enormous debt burden. We are particularly concerned with the impact on minority students. In fact, a 1990 survey of dental school seniors revealed a \$54,000 average debt for black students, significantly higher than the \$45,550 national average for all students.

While it is not the only solution to the growing debt problem, or the only factor affecting career choices, the student loan interest deduction will be of significant

financial help to those with high debt. Making loan repayment more reasonable helps to allow the graduate his or her full choice of career options. By restoring the student loan interest deduction, the government acknowledges not only the costs incurred in making this investment, but the contribution higher education makes to society at large. Today, when technologic and scientific training is critical to our world competitiveness, the need to invest in higher education becomes even more important to the economic future of our country.

My personal experiences have also highlighted the relationship between debt to career choice. I have seen how students have altered their choices, and ruled out certain options, based on the level of debt they will incur. Students and parents understand the concept of an interest deduction and how it will help them with loan repayments. They have to seriously evaluate their financial situation, especially when informed that the interest deduction for student loans is no longer available. Again, it is not the only factor, but I believe it is a factor. In particular, I recall a 1990 graduate who was officially recognized for his leadership role during dental education and his potential as a leader of the dental profession. He graduated with high indebtedness and has loan payments in excess of \$800 per month. Because he recently entered repayment, the majority of his monthly payment covers the interest charges. He chose to enter an associateship because "public health positions don't pay enough to cover loan expenses." Further, he expressed his concern that the educational expenses prohibit students from going on to residency or post doctoral specialty programs. His concerns are reflective of the concerns of other students experiencing high levels of indebtedness.

Members of this Committee can help those recent graduates with high debt by co-sponsoring current legislation to restore the student loan interest deduction. Several bills have been introduced in the 102nd Congress, but H.R. 747 offers the best opportunity for passage. It was introduced by Rep. Richard Schulze (R-PA), a member of the Ways and Means Committee, and currently has 74 co-sponsors, including ten members of the Ways and Means Committee. In the last Congress a similar measure (with the same bill number) was supported by 330 Representatives, including 18 members on the Ways and Means Committee. It would be an important show of support to have all members of the House Education and Labor Committee support this bill. The legislation is also supported by a coalition (Student Loan Interest Deduction Restoration Coalition - SLIDRC) consisting of over 20 national health and education groups concerned about growing student indebtedness and its impact on access to higher education and post-graduation career choices.

The Committee should also be aware that H.R. 747 differs in important ways from other efforts to fully restore the student loan interest deduction. H.R. 747 would only benefit those who need assistance the most -- lower and middle income taxpayers, and those in the first few years of repayment after graduation:

- * The deduction would apply to those whose adjusted gross income (AGI) was at or below \$40,000 for individuals, and \$60,000 for joint returns. The benefit would be phased out for individuals earning between \$40,000 and \$55,000 AGI, and for joint filers earning between \$60,000 and \$90,000 AGI. These income limits are identical to those in existing tax law for education savings bonds.

- * The benefit would be limited to those in the first 48 months of repayment, not counting valid interruptions such as loan deferments for a residency program.

- * The type of loans covered would be limited. There would be no deduction for any private bank loans where there is no needs-test and no clear connection with education expenditures.

- * The benefit would be provided only to those who begin repayment on or after the date of enactment.

Before I conclude, let me also clarify a few additional points about the student loan interest deduction concept.

First, although the 1986 Tax Reform Act did provide lower tax rates, we believe it is misleading to conclude that the savings from this change for all recent graduates more than made up for the loss of the student loan interest deduction. In fact, we believe that, when comparing tax rates before and after implementation of the 1986 Act, most recent lower to middle income graduates have not significantly benefitted from modified tax brackets. The major reduction in tax burden was for individuals in higher income tax brackets. Even slight decreases in tax due to the 1986 Act would not offset losses such as inability to deduct student loan interest, and the expanded taxability of scholarship and grant funds. Studies have shown that savings from the 1986 Tax Reform act have also been offset by other taxes at the state and federal level, many of which fall more heavily on lower and middle income individuals. Therefore, in our opinion, the tax reform changes have provided little

benefit for recent lower and middle income graduates who have had other benefits taken away, such as the student loan interest deduction.

Second, the individual benefit from restoring the deduction is significant, without being an unwarranted windfall for the wealthy. SLIDRC has estimated that there may be between a \$100 and \$2,500 yearly benefit from a student loan interest deduction (depending upon level of debt). We feel the loss of this deduction is significant, especially for health professional students who accumulate large educational debt during their many years of training. While higher income individuals have benefitted from lower tax rates, such individuals will NOT benefit from this deduction -- especially now that income caps are included in H.R. 747.

Third, we believe that many individuals with high debt will choose to itemize their deductions, which is necessary to take advantage of a student loan interest deduction if it is restored. Although the standard deduction has increased in recent years, in many cases of high debt yearly student loan interest payments alone will exceed the standard deduction amount. For example, the \$5,500 in first-year interest from \$52,000 borrowed at 11% exceeds the 1990 standard deduction amount of \$3,250.

Fourth, restoration of this deduction would not lead to unnecessary borrowing, as a non-taxable grant to cover tuition and fees is inherently preferable to taking out a loan; one would have little incentive to obtain loans for educational costs unless grant aid is not available. Unfortunately, that has all too often been the case in recent years. Needs analysis tests and income limits for low interest loan programs eliminate the possibility of high income individuals using low interest educational loans for non-educational purposes. Proper administrative safeguards and tax enforcement will prevent individuals seeking to classify non-educational loan interest as educational interest in order to obtain a tax deduction. The interest deduction merely assists those with high debt to get back to a "level playing field" with those who did not need to borrow as much to finance their education.

CONCLUSION

I urge that members of this subcommittee, in addition to implementing our suggestions for Title IV, show their strong support for the investment in higher education by co-sponsoring H.R. 747 to restore the student loan interest deduction. This will send a strong signal that this measure is an important step in our national education policy.



ART INSTITUTE OF SEATTLE

May 9, 1991

Reauthorization of Higher Education Act
 Subcommittee on Post-Secondary Education
 May 13, 1991
 Vancouver, Washington

Testimony of David J. Pauldine - President, the Art Institute of Seattle

The Reauthorization of the Higher Education Act offers Congress a unique opportunity to restore equal opportunity and access to post secondary institutions for all qualified students. Since 1965, the pendulum has swung away from this founding premise and has subsequently yielded a post secondary educational system that discounts certain classes of students. Clearly, the existence of Title IV funding demonstrates this nation's commitment to higher education. We know that the Higher Education Act of 1965 was seen as an investment made by Americans for the future of America. Yet, changing economic times have forced us off the intended track and rendered our Title IV funding programs in need of reform.

No doubt, hundreds of post secondary institutions will submit their views, opinions and testimonies regarding Reauthorization. I imagine your Committee will attempt to sort out the submissions, screening for the most pertinent data, the soundest logic, and the positions of interest to most Americans. As President of the Art Institute of Seattle, it is not my intention to dominate this submission by expressing my personal views on the Reauthorization issues. I believe the position document titled "Recommendations for Reauthorization of the Higher Education Act of 1965" prepared by the Chairman/Chief Executive Officer and the President/Chief Operating Officer of our parent company, Education Management Corporation, best speaks to the critical issues surrounding the Reauthorization of the Higher Education Act. You will be receiving this publication shortly and I think you will quickly find it to be the most comprehensive review and position document on the Reauthorization issues. Undoubtedly, your committee will want to utilize the document as a resource, a guide, and as a model.

At this time, I believe your committee needs to hear from the people most directly impacted by Title IV funding - the students. The Congressional Record must contain contributions from potential students, current students, and graduates of post secondary institutions. It is from them that all of us can learn what to do, what is right, and how to vote.

1001 First Avenue, Seattle, Washington 98101 • (206) 426-6677 • FAX (206) 426-3771 • 1001 First Avenue

A member of the Education Corporation

Testimony of David Pauldine
Page 2

Let me introduce the two students who have chosen to submit testimony by first telling you about the institution from which they come. The Art Institute of Seattle is a two year Associate Degree-granting institution offering specialized education and training in the visual and practical arts. We are one of eight Art Institutes located throughout the United States with a combined student enrollment of over 14,000 students. The Art Institute of Seattle is the largest private technical school in the State of Washington. Our 1,300 students come to us from over 35 states and several foreign countries. Approximately 80 - 85% of our student population receives some form of financial assistance.

Student Anne Poehlmann is a single mother, age 35. She has two children, ages four and eight, both of whom required child care services over the past two years while Anne attended classes at the Art Institute. The bulk of her education has been paid for using Title IV funds. Ms. Poehlmann is in her eighth and final quarter of our Visual Communications program. She has struggled to finish her education and deserves significant praise for her persistence and determination. I believe you will benefit greatly from what Anne has to say.

The other testimony attached is from Art Institute graduate Michele Powell. Michelle worked part-time, managing the apartment building in which she lived, in order to finance part of her education, and received financial aid for her tuition and supplies. She has found, since graduating, that her career opportunities have dramatically improved. Michele's future employment prospects are a result of her education at the Art Institute of Seattle, but she is certain that she would not have been able to acquire that education without the help of Title IV funds.

Please accept this testimony on the Reauthorization of the Higher Education Act and insert it in its entirety into the Congressional Record.

Let us never neglect the need for adequate funding for students of higher education. And, let us never again falter in our obligation to provide equal access and opportunity to those who desire higher education. Let us never turn our backs on tomorrow by short-cutting education today.

Let us never stop learning from those we teach.

May 6, 1991

Reauthorization of Higher Education Act
Subcommittee on Post Secondary Education
May 13, 1991
Vancouver, Washington

Testimony of Michele Powell - Graduate of The Art Institute of Seattle

I grew up in Spokane and worked my way through high school. After graduating I had several professional jobs but not in the design field. I began working at Nordstrom for a cosmetics company which is where I began to utilize my creative abilities. I moved to Seattle with the company I was working for but got laid off because the market was slow. I was alone in Seattle with no job but lots of creative energy. I visited the Art Institute of Seattle and it just felt right. I applied for financial aid and received a combination of grants and loans. Had it not been for financial aid, I would not have been able to go to school. It is unfortunate when financial aid is based on the previous year's income. I think anyone who wants to go to school should be able to. I managed the apartment where I lived which cut down my living expenses, but going to a private school is very costly. With my student loans I was able to pay my tuition and for necessary supplies. During Spring quarter of 1989, I got pregnant. I continued to go to school full time and make good grades. It was very difficult but finishing school was very important to me. I took a quarter off to have the baby, and was able to return and complete my program with financial aid. Now I am working two part-time jobs and am able to help support a family. I love what I am doing and am fortunate to have had the financial support. I work for an Architect, drafting for large commercial projects. I have a wonderful career and a focus in life. Financial aid was the difference between going to school or not.

May 8, 1991

Reauthorization of Higher Education Act
Subcommittee on Post-Secondary Education

May 13, 1991

Vancouver, Washington

Testimony of Anne Poehlmann - Visual Communications student

In the Fall of 1988, I relocated to Seattle. I had previously been working in the medical field. Employment opportunities in the area were limited for me, because most positions required me to work on an "on call" basis. As a single mother of two children, this type of employment was not something that was feasible. I needed to look at other employment possibilities and that is what brought me to the Art Institute of Seattle. I researched other schools in the area, but realized that the Art Institute of Seattle had the most to offer: a quality education. I enrolled for classes and then went through the Student Financial Planning process, in which I applied for financial aid and received a combination of grants and student loans. I have had no outside assistance for my educational expenses and without the financial aid would not have been able to attend the Art Institute of Seattle. I am scheduled to graduate in June, 1991. With my degree I gain a valuable education and the opportunity to work in a field I have always enjoyed. Being a single mom, the possibility of working at home doing freelance art work is not unrealistic. Financial aid made this education and career opportunity become a reality.

May 8, 1991

Representative Jolene Unsoeld
Committee on Postsecondary Education
House of Representatives
601 Main Street, Suite 505
Vancouver, WA 98660

Dear Representative Unsoeld:

Seattle Central Community College joins with the American Association of Community and Junior Colleges and the Community College Coalition to request that restrictions imposed in Title III of the Higher Education Act be lifted. Specifically, we ask your committee and members of Congress to eliminate the provision which requires recipients of a Title III Part A development grant of four or five years to "sit out" of competition for a comparable period of time before reapplying. Not only is this restriction unfair, it is detrimental to our colleges and the students we serve.

The Title III Strengthening Program helps colleges address major problems inhibiting institutional self-sufficiency. This has truly been the case at Seattle Central Community College. With Title III funding we have received invaluable assistance in our efforts to strengthen vocational programs challenged by technology and a rapidly changing world of work, to retrain faculty to meet the needs of a student body radically changed in the last decade, to implement interventions that reduce obstacles to student learning and increase student success, and much more. These fundamental, institution-wide changes would not have been possible without Title III funding. Colleges such as Seattle Central should not be barred from competing for these funds because we have been addressing such problems for a given time period in the immediate past.

Even more importantly, Title III funding is the major source of help for colleges which serve significant numbers of minority students. Seattle Central serves more minority students than any other community college in Washington state. Forty-two percent of our students are students of color. These students face special problems regarding access, retention and success in higher education, problems whose historical roots are deep and long-standing. Developing effective solutions to intractable problems requires comparable long-term efforts. Indeed, the Congress acknowledged this need when they exempted from any "sit-out" period the Historically Black Colleges and Universities who fall within Title III, Part B. It is unfair to Seattle Central and other institutions who are working to solve such problems to bar us from competing for Title III funds to assist such students.

The country needs strong institutions of higher education to meet the challenge of preparing leaders, workers, and citizens for an increasing complex and interdependent world. Colleges need support to prepare students with the knowledge, skills, and attitudes to address the conflicts such a world faces--between countries rich and poor, technologically advanced and underdeveloped, resource-rich and resource-deprived, literate and illiterate, with and without democratic institutions and traditions, etc. Title III has traditionally been the source of such support. It is both unfair and unwise to restrict some colleges' access to Title III support.

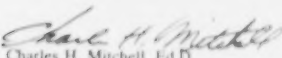


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Conditions faced by institutions change rapidly, and events arise to challenge and threaten an institution that could not have been anticipated when an earlier four- or five-year grant was written. Who could have predicted four years ago, for example, the events that have occurred in Eastern Europe within the recent past? Such events have impacted Seattle Central and other colleges as the numbers of emigrants from these countries has dramatically increased. It is unfair to prevent institutions such as ours from competing for new funds to address new problems. It is particularly devastating to Seattle Central and other colleges in our state. As you know, our colleges are expected to take a "cut" in state appropriations in our next biennium.

In sum, I urge you to eliminate the "sit-out" provision of Title III, Part A funding. Allow eligible colleges to compete for new funding on the merits of their proposals and the criteria for the competition, not on the length of a previous grant. Lift the unfair restrictions that bar some colleges (four- and five-year grantees under Part A) from competing because of previous grants while allowing others (three-year Part A grantees, and colleges funded through Parts B and C) to compete without regard to previous funding. The effect of the legislation as it is currently written is to punish colleges for acknowledging and addressing pressing problems. Our nation, our colleges and our students deserve better.

Sincerely,


Charles H. Mitchell, Ed.D.
President

Written testimony submitted for May 13, 1991 hearing.

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May 15, 1991

TESTIMONY OF KEITH D. SKELTON,

BOARD OF DIRECTORS, PORTLAND (OREGON) COMMUNITY COLLEGE

My name is Keith D. Skelton and I give this testimony as a representative of Portland Community College, Portland, Oregon, a multi-campus institution providing transfer, vocational and technical education to over 80,000 students per year. I also appear in behalf of the Oregon Community College association, a group made up of 16 colleges having a student population of over 300,000 attendees.

I am a relative newcomer to the community college area, having spent most of my life either as a college professor of law, or in courtrooms. I became involved in community colleges when my youngest son, a Navy veteran appeared on the scene with service-acquired afflictions of alcoholism and drugs. Through the caring counseling and education of devoted faculty members in the community college I now serve he became a productive and valued member of mainstream society. This is something that the four-year college system would not give, and so I became sold on community colleges.

Shortly after becoming a Board member I attended a national meeting of the Association of Community College Trustees held in Washington, DC. There for the first time I learned that the federal Department of Education paid little or no attention to community colleges. I was simply amazed. Community Colleges were providing the first two years of college transfer education to more than 50% of the college students in the United States.

In addition, community colleges were giving vocational and technical education to at least that many more students! Yet, in the halls of ivy at the Department of Education, community colleges were non-existent!"

Later, in the local law library, I researched the statutes relating to the Department of Education and it immediately became clear why no attention was paid to community colleges: they are not included in the basic law setting up the Department. There are secretaries and assistant secretaries of everything one could envisage, but no mention of community colleges. No wonder the department paid us no attention!

Later, visiting various offices in the Department in Washington I was impressed by the thousands of men and women with Ph. Ds. who populated the desks, offices, and coffee shops of the Department; but I met no one with knowledge or experience with community colleges. Many of the Ph.Ds. I talked with apparently regarded community colleges as glorified high schools and had little ideas of what was going on in the real world, outside the civil service bastions of federal employment.

In analyzing the existing law I found--and still find--that it is a hodge podge of disorganized pieces of legislation, tacked on to the original 1965 law, with sometimes conflicting or disparate provisions stuck in at different times by different legislators and Congresses intending to befriend education. There appears to be no central driving directive at

any place; even the creation of the Office of Secretary gives little hint as to the direction the federal government should move in the pursuit of national educational goals. Examining the various titles in the Act I find that they disguise a simple fact; that the laws establish several federal educational cows, each dispensing the milk of federal dollars in different directions, each direction driven by that title without much attention to central philosophy about what national education should be doing.

Cutting all the persiflage and verbiage, my opinion is that the reason for hiring 17,000 employees in the Department is to dispense money!

So now we come to the threshold of Reauthorization of the Act-- or Acts, or pieces of the Act; and the question faces Congress about whether the United States is finally going to get a coherent educational policy, driving dollars and development in a direction which will help foster and maintain our nation as a world leader.

Most of the testimony I have heard and read about Reauthorization gives lip service to this ideal, but then deteriorates into asking that Congress maintain what is already there, but with more money for the various institutions and organizations now benefitting therefrom.

Even the Congressional Research Service in its analysis of Reauthorization (CRS Issue Brief: Higher Education, etc...

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July 28, 1990) mentions little that would spur Congress to directions beyond what now exists. However, this study makes several important points about community colleges: the growth in the percentage and number of students who now attend 2 year institutions, and in the number of "non-traditional" students (CRS2) and anticipates that these trends will be likely to continue.

Congress needs to study and redefine what it intends the federal government to do in the area of education. Certainly we must encourage the poor and underprivileged persons to obtain skills to make themselves into productive citizens. The four year college degree and graduate work remain important, especially in the recruitment and training of teachers, a discipline which all people know will become seriously deficient given present trends. However, the four year colleges will never produce the work force, technicians, and skilled workers the nation desperately needs. We MUST enter upon a direction which will provide outright grants to those who need training but have no money. Loans to such people are a cruel hoax. If our nation can afford to aid the Bangladesh, the Kurds, and various others throughout the world, certainly a fraction of that money can be used to help educate our own citizens. People in relief and welfare, without training, will cost our society and the society to come millions more poured down a rathole if we do not provide training now.

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There needs to be a cross-reference between educational needs and welfare needs. In every large city of the United States (and in a lot of rural areas) people sit, living on the largess of welfare, hopeless, without a future, bringing more hopeless babies into the world. Dare we suggest that public support be tied to some kind of required learning experience? Does any Congressman or Congresswoman have the temerity to ask that we require something other than watching television from those who are the recipients of the tax money the rest of us pay? Should that be an objective of the Reauthorization? Could not community colleges provide the kind of training and skills that these people need to remove them from despair into self-reliance and respect? I suggest that we need to move in this direction, and it should be a part of Reauthorization.

Community colleges are trying in their own ways and within their own resources, to provide education to those who otherwise could not go to school. However, our funds are severely restricted by financial exigencies in the various states. We look at the wastage and ill considered expenditures of parts of the Federal Government and ask ourselves whether that money should not be used for more constructive purposes. Think of your own education & Patriotism would bring. Think of the billions of dollars spent on the production of atomic weapons, on how only about 10,000 are active and 100,000 are in storage. Is it time for the federal government to direct some of these

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dollars to community colleges by greatly increased grants.

Some Congressmen are complaining that students who have taken out loans are not able to repay them. This in itself is a confession of the bankruptcy of the loan philosophy for students who come out of poverty. Most of the loan problems emanate from unregulated proprietary schools. Community Colleges are trying their best to zero in on this problem and are succeeding insofar as our students are concerned. However, when one reads of the abuses from prestigious major institutions in their use of grants to buy yachts and have a 76% administrative cost, the problems of unpaid loans in community colleges pales in comparison. Congress needs, this year, to put community colleges into the education laws; we need an assistant secretary to help regulate grants and loans, and to give some semblance of a national policy for public and private two year institutions. I urge Congress, therefore, to support legislation calling for the creation of the post of Assistant Secretary of Community Colleges to recognize the increasing role our colleges are playing in the education and training of our people. Please support HR1848; American needs a skilled workforce; our potential students need the help and direction of the kind that Fairland Community College gave to its own son.

Thank you.

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